[redacted]APACE WITH P[redacted]ESS

THE CASE FOR TAX REVISION

AS A RESULT OF THE PRESENT SITUATION, THERE IS A NOTORIOUS EVASION OF THE TERMS OF THE REVENUE LAW WHICH ARE UNJUST IN PRINCIPLE AND UNENFORCIBLE IN PRACTICE. THIS SITUATION INEVITABLY LEADS TO A DISRESPECT OF THE LAW IN OTHER FIELDS, AND CALLS FOR FAR-REACHING CHANGES IN THE PRESENT SYSTEM OF TAXATION.

(ILLINOIS SPECIAL TAX COMMISSION)

PENDING AMENDMENT

TO THE ILLINOIS CONSTITUTION

To be voted upon November 7, 1916

Explanations and Comparisons with the Constitutional Tax Provisions of Other States

Nation-wide Opinion and Pertinent Facts Presented

FOR DISTRIBUTION BY THE
Illinois Tax Amendment Committee

FRANK I. MANN, *Chairman*, Gilman
S. B. MONTGOMERY, *Vice-Chairman*, Quincy

COMPILED BY
THE CIVIC FEDERATION
CHICAGO

IT TAKES A MAJORITY OF ALL WHO VOTE IN NOVEMBER TO ADOPT THE AMENDMENT.

TABLE OF CONTENTS

FOREWORD

There is pending in Illinois to be voted upon Nov. 7, 1916, at the general election, an Amendment to the Revenue Article of the State Constitution, submitted by the Forty-ninth General Assembly and designed to authorize future General Assemblies to revise our unworkable and unequal personal property tax laws.

It is hoped that those who are especially interested in the subject of taxation and in ending tax evils in Illinois, will find in this volume a convenient hand-book of information.

Tax-dodging in Illinois has become notorious. Largely as a result of this, there is general complaint of undue and increasing burdens upon real estate; of double taxation; of inequality of tax burdens; of inadequate public revenues, and of "burdens falling upon the weak and the unwary, while the shrewd and powerful escape."

Other States, similar in character to Illinois, by modern and scientific methods, have made tax-dodging a rare offense instead of a common habit, and have devised means for taxing effectively and justly those classes of property which largely escape in Illinois. Moreover, they derive from them larger revenues with less friction. The Constitution at present prevents the Illinois General Assembly from adopting any of these methods.

The pending Amendment, if approved by the people, will merely give to our General Assembly the power over personal property tax laws which will enable them to meet modern conditions and such future problems as may arise—a legislative power now allowed by Connecticut, New York, Rhode Island, Michigan, Minnesota, Wis-

IF YOU WANT TAX REVISION, VOTE: "YES."

consin, Pennsylvania, Virginia, Maryland and other States. It is a conservative measure, essential to any improvement.

Only people who are satisfied with the present system of taxation and who believe that no change is necessary, will fail to vote for this measure. All who believe that the present system should be improved should work and vote for its adoption.

The fact that on Nov. 2, 1915, the voters of three conservative States—Massachusetts, Maryland and Kentucky—overwhelmingly adopted similar amendments, definitely setting aside the worn-out general property tax and establishing the principle of classification in taxation, indicates the interest which is taken in taxation and the trend of enlightened public sentiment. The fact that the voters of New York State rejected a pending amendment which would have slightly restricted the now practically unlimited powers of the State legislature over tax laws, indicates a decided popular opinion in favor of giving the legislative body ample powers—an opinion based on more than thirty years of experience.

The pending Illinois Amendment and conditions demanding its adoption will be discussed in subsequent pages. An effort also is made to give an impartial survey of the situation throughout the country, supported by official and responsible statements, and by quotations from recognized authorities.

Grateful appreciation is due to the many citizens throughout the country for the great help they have given by their prompt and courteous replies.

Questions and suggestions will be welcomed and should be addressed to:

ILLINOIS TAX AMENDMENT COMMITTEE.

The Temple, Chicago.

SILENCE IS A VOTE TO KEEP THE PRESENT TAX SYSTEM.

PART I—STATEMENT OF THE CASE

CHAPTER I

THE PRESENT SYSTEM EXPLAINED

Results—not theories—demonstrate that the present Illinois general property taxation system is no longer practicable; that it cannot be enforced equitably or effectively under modern conditions.

The general—or so-called "uniform"—property tax is based on the theory that every kind of property, regardless of character or condition, shall be taxed in proportion to value and by uniform method and rate. This theory presupposes that all property can bear identical burdens and also that all kinds of property are equally easy for the assessor to find and estimate their values.

The imperative requirement of the uniform property taxation system is *uniformity of valuation. All* property must be assessed at the same percentage of actual value—equalized—so that *each and all,* with the same tax rates, shall bear its required proportion of the burden of taxation.

The rule of taxation based on this theory has persisted in the State Constitution of Illinois since 1818. At that time the rule was fit and applicable. Property was almost entirely of the tangible, visible class—land, houses, furniture, live stock, vehicles and produce. Since that time, especially in recent years, new and complicated forms of wealth have developed—and with all of these varying classes no one rule of taxation can cope successfully. It is a safe assertion that at the present time at least a third of the total wealth of Illinois is made up of these modern economic values, which, being invisible—intangible, easily escape taxation, and shift their share of the burden of the support of government upon tangible property. Thus a rule once good has become useless through inevitable economic change. In spite of its name, it no longer produces even a semblance of uniformity, and the point at which it has broken down is in the attempted taxation of intangible values.

The first Illinois Constitution—1818—did not expressly recognize intangible values. Article VIII—the bill of rights—Sec. 20, read:

> The mode of taxation shall be by valuation, so that every person shall pay a tax in proportion to the value of the property he or she has in his or her possession.

In 1848 a new Constitution was adopted, with a separate article on revenue, in which were introduced provisions relating to some of the more complex forms of property and values created with the

economic development of the State. Sec. 2 of this revenue article read:

The General Assembly shall provide for levying a tax by valuation, so that every person and corporation shall pay a tax in proportion to the value of his or her property; such value to be ascertained by some person or persons to be elected or appointed in such manner as the General Assembly shall direct, and not otherwise; but the General Assembly shall have the power to tax peddlers, auctioneers, brokers, hawkers, merchants, commission merchants, showmen, jugglers, inn-keepers, grocery-keepers, toll-bridges and ferries, and persons using and exercising franchises and privileges in such manner as they shall, from time to time direct.

A comparison of the foregoing provision with Sec. 1 of the present Constitution—1870 (see page 16) shows that the 1848 Section was practically rewritten, except that liquor dealers, insurance, telegraph and express interests or business, venders of patents and corporations owning or using franchises and privileges, were added to the list of objects which the General Assembly was given especial authority to tax, "by general law, uniform as to the class upon which it operates." This last phrase for the first time established the principle of classification and recognized its need, but restricted its application rigidly to those specific forms of value then clearly in view. A broader application of this principle at that time would have enabled the Illinois General Assembly to meet economic conditions which have since arisen, and would have saved the people of this State from many present-day taxation ills.

Following these attempts to make the fundamental law of Illinois conform to changing economic conditions, the Supreme Court passed upon many questions involving the Constitution and the revenue laws in relation to, and in explanation of, what constitutes "property," and to whom it shall be assessed. From all this has been built up the Illinois ideas and practices as to "taxable property."

ILLINOIS REVENUE LAW REQUIREMENTS

The Revenue Law conforms to the provisions of the Constitution and the decisions of the courts. As a result, all property is presumed to be assessed at the same proportion of its actual value and made to pay the same rates of taxation. The Revenue Law requires the assessment and taxation of all property in Illinois, not exempted by law, as enumerated below:

1. **What property assessed and taxed.** That the property named in this section shall be assessed and taxed except so much thereof as may be in this act exempted:

First.—All real and personal property in this State.

Second.—All moneys, credits, bonds or stocks and other investments, the shares of stock of incorporated companies and associates, and all other personal property; including property in transitu to or from this State, used, held, owned or controlled by persons residing in this State.

Third.—The shares of capital stocks of banks and banking companies doing business in this State.

Fourth.—The capital stock of companies and associations incorporated under the laws of this State.

Acting under Sec. 3 of Article IX (printed on page 16), the General Assembly has exempted from taxation the classes of property enumerated in that section.

The assessing and taxing system of Illinois is to-day, therefore, practically the same as the system which followed the Constitution of 1818. Both systems were predicated upon the idea that all, or nearly all, taxable property was visible to the eye of the assessor. In 1818 cash was about the only form of property that could be hidden from the assessor's easy observation, and the amount of cash in the State was pitifully small indeed. Since then the lonely prairies have been populated, men have joined hands for vast enterprises of many kinds, organized and financed in many different ways. The great development of wealth and commerce has outstripped the assessing methods of ninety-eight years ago and proved conclusively that uniformity of method produces the greatest inequalities in result—a fact recognized by tax experts throughout the land, and even by the Supreme Court of the United States. (See page 54.)

Taxation in Illinois is Uniform in Name Only.

CHAPTER II

EVILS OF THE PRESENT SYSTEM

1. *Unequal Distribution of Burdens*

Among the most glaring evils of the general property tax system in Illinois is the gross inequality in the distribution of tax burdens. During a period notable for its production of new forms of wealth, the proportion of the burden of direct taxation borne by real property has not decreased, as might have been expected under a so-called "uniform" system of taxation, but has increased, as shown by the following table of percentages prepared from reports of the State Board of Equalization for the years indicated:

TABLE I

Class of Property.	1915.	1914.	1873.
•Real property	70.16	69.52	67.69
•Personal property	20.40	20.66	21.56
†Railroad property	8.34	8.55	9.14
†Capital stock of corporations other than railroads...	1.10	1.27	1.61

•Includes railroad property locally assessed.
†Assessed by State Board of Equalization.

This unfair effect of the general property tax upon real property has been noted in every State which has attempted to enforce this obsolete method in the face of modern economic conditions. Mr. Allen Ripley Foote, Columbus, Ohio, Past President of the National Tax Association, states the matter fairly when he says:

"The attempt to tax all property by a uniform rule, results in the placing of burdens of taxation upon real estate."

Extensive testimony to the same effect from New York and many other States will be found in subsequent pages.

2. *Tax Evasion*

Another phase of the inequality of tax burdens is the complete escape from all taxation of millions of dollars in intangible values, and this is largely responsible for the undue burden borne in varying proportion by the other classes of property, the bulk of the load always falling upon real estate.

A complete and exact statement of the total amount of this kind of property which evades its fair share of the cost of government is impossible because of the various forms it takes and the utter lack of an authentic basis even for estimate except in a very few cases. A comparison of wealth of approximately the same class taxed and untaxed, in the rare cases where data is available, however, are suggestive of what a complete comparison might show if it could be made.

The total full value of all taxable property in Illinois for the year 1915—obtained by multiplying the equalized assessed values by three—was $7,508,619,408. On the same basis, the total full value of taxable personal property was $1,523,461,047. Of this total personal valuation, the following enumeration of intangible property for 1915—full value obtained as above—is:

TABLE II

Class.	Cook County.	Other Counties.	Total.
Moneys other than Banker, etc.	$ 6,318,558	$ 94,362,477	$100,681,035
*Credits other than Banker, etc.	11,777,034	112,950,024	124,727,058
Bonds and Stocks	18,072,807	13,657,905	31,730,712
Shares of Capital Stock not of this state	632,949	3,461,607	4,094,556
Patent Rights	.....	593,229	593,229
Franchises	5,850	311,763	317,613
Annuities and Royalties	127,488	90,747	218,235
Investments secured by Real Estate	316,131	3,311,769	3,627,900
	$37,250,817	$228,739,521	$265,990,338

*Compare with Table IV.

Of the $1,523,461,047 total of personal property returned for taxation at "full value," $399,768,396 was listed under the vague heading, "All Other Property"—to such an extent has the taxing system of 1818 become impossible of honest, accurate and efficient operation. If we concede—by liberal estimate—that 20 per cent of the item "All Other Property" covers intangible values, the total intangible wealth of the state, as listed for taxation, appears as follows:

TABLE III

Class.	Cook County.	Other Counties.	Total.
Listed in Table II	$37,250,817	$228,739,521	$265,990,338
Twenty Per Cent of all Other Property	66,802,157	13,151,523	79,953,679
	$104,052,974	$241,891,044	$345,944,017

The following figures taken from the report of the Auditor of Public Accounts concerning the amount of deposits in Illinois in State banks alone, makes a significant comparison with the foregoing figures:

TABLE IV

	Chicago.	Other Cities.	Total.
State Bank Deposits Owned by Individuals.	$496,208,734	$198,307,895	$694,516,629

The report of the Comptroller of Currency indicates that there is over a billion dollars of bank deposits in Illinois which are subject to taxation. There are no available statistics on the amount of mortgages in Illinois, but estimates place the total at more than a billion dollars. Scrutiny of these tables discloses the greatest inequalities and discrepancies in the taxation of intangibles as between Cook County and the rest of the State, and equally glaring discrepancies exist in mortgage taxation. In Cook County for many years no attempt at the taxation of mortgages has been made. Nearly every other county in the State makes some attempt at mortgage taxation. In an intensive study of mortgage taxation, comparing Lafayette County, Wisconsin, with Jo Daviess County, Illinois, Professor T. S. Adams, then of the Wisconsin Tax Commission, estimated that about 23.4 per cent of the mortgages in Jo Daviess County actually were taxed. Most Circuit Clerks and Recorders and taxing officials with whom the Secretary of the Federation has talked in visiting other counties of the State, however, estimate that the greatest industry and most efficient efforts are well rewarded if from 10 to 15 per cent of the mortgages recorded are actually taxed.

This special reference to bank deposits and mortgages is not made to suggest their singling out as special objects of taxation, but because their very character brings them sufficiently to light to indicate the weakness of the present system and the even greater amount of evasion in other lines of wealth which may be both more productive of income and more susceptible of easy concealment.

To the foregoing estimated $1,000,000,000 in bank deposits and $1,000,000,000 in mortgages must be added many other intangible values, including promissory notes, credits and securities generally.

3. *Why Intangibles Escape Taxation*

For this wholesale evasion there are many reasons. It is physically impossible for the assessor and his deputies to view the millions of evidences of intangible wealth in the strong-boxes and other depositories of Illinois. The utter lack of data above noted makes him almost helpless in his efforts to cope with modern conditions on the old basis to which he is restricted. Assessment by guess is the resulting rule. Gross inequalities as between neighbor and neighbor and county and county, and the general escape of intangibles from taxation result.

The fact that taxation of intangibles at the same rate at which tangible property is taxed, would operate to create financial and economic disturbances of the gravest character, vitally affecting every citizen whether direct taxpayer or not, destroys all popular sentiment for a rigid enforcement of the existing system.

Confiscatory Rates—Double Taxation

The lowest tax rate in any Illinois municipality probably approximates $1.50 per $100 full value. The highest tax rate considerably exceeds $3.00 per $100 full value. The best that a thrifty savings depositor, who listed his account faithfully as required by law, could

expect would be to have left $1.50 out of his $3.00 interest on a $100 account, after he had paid his personal property taxes. If he lived in some communities all of the interest would be taken and the depositor would actually be paying for the privilege of saving his money. The owner of a checking account who complied with the law would have to pay his taxes out of his principal. The average rate in Illinois municipalities is probably $2.00 per $100 full value. This means that a widow left with $10,000 for her sole support would have to give up in taxes $200 out of an income of $500 or $600 a year. Proportionately the same thing has happened to much smaller estates. Sometimes, when the victim is well advised, a kindly Board of Review violates the law in the interest of equity, but more frequently the victim does not know what is going on until the tax bill is rendered, and, generally speaking, it is then too late.

The taxation of mortgaged property and of mortgages as well as some other forms of intangible value occasions frequent complaint of "double taxation." Most farms and most homes in Illinois to-day are bought on the part-payment plan, a little cash and a note secured by mortgage being given by the purchaser.

If a man buys a home—say, for $4,000—and pays for it in full with cash, he will be taxed on the value of his property only. If he pays, say, $1,000 on his home, giving a mortgage for, say $3,000, he will have to pay the full tax on the property, the same as if he had paid for it fully in cash. The mortgage, also, is required to be taxed under the present Illinois Revenue Law. Thus, there would be taxes collected on $7,000 of "value," instead of $4,000. It makes no difference who actually hands over the mortgage tax to the collector, the man who borrows the money must in the end pay it, because he must pay an interest rate that will take care of the tax rate. If this is not done, the money lender will send his cash to another State for investment. Capital flows in the direction of least resistance and greatest opportunities. The property on which intangibles are predicated must always take care of the intangible taxes. Suppose the tax on mortgage notes in Illinois was made to be 6 per cent on full value, and collected, would any money be offered to loan at 6 per cent? Would not the charge—in interest and commissions—be at least 12 per cent?

To illustrate another form of double taxation: Suppose that a man sells a horse to another man and takes the purchaser's note in payment for the animal, both the note and the horse being in existence at the time assessments are made for purposes of taxation. In such case, both the note and the horse are taxable as property. If the original owner of the horse had retained it until after assessment day, April 1, there would have been no note to tax. If the note and the horse both be taxed, then the horse must be made to earn twice as much as if it had not been sold.

Consideration of the ease with which certain intangible values may be created is interesting. A may loan B $1,000 and take his note. To-morrow B loans the same $1,000 to C. The next day C repeats

the transaction with D, and so on for each of, say 300 business days of the year, by which time $300,000 of taxable values have been created out of the original $1,000.

Under similar category may be included the popular complaint against any effort to follow the law literally and tax at current rates cash in bank to the person who has it on deposit. The depositor's money, of course, is not actually in the bank, but generally is loaned out to borrowers—also required to pay tax upon such cash as they may have. The bank also is taxed upon its capital stock values, created by using the money on deposit and deriving an income therefrom. Thus the law requires the depositor, the bank and the man who borrows the depositor's cash from the bank, to pay on virtually the same money.

Frequent complaint also is heard against the operation of the present system in the taxation of corporate bonds, public and private, and the capital stock of corporations—complaints under the latter head coming chiefly from owners of small incorporated businesses. The almost infinitesimal revenues now derived from these classes of wealth suggest that any change in the basis of their assessment which would result equitably, could not fail to benefit the public treasury.

In short, the tax upon intangible property, under the Illinois system, is demoralizing in its effects. Every person who acts honestly with the State and obeys the law in paying taxes on his intangible property, not only is penalized by a confiscatory income tax, but utterly fails to receive justice at the hands of the law in comparison with other holders of the same class of property. His tax is predicated upon the implied pledge of the State that all other similar property shall be assessed uniformly with his. He is entitled to equal protection of the law and he gets nothing of the sort. Under such conditions it is not surprising that many citizens of all walks of life are deterred from reporting intangibles, and that there is no popular demand for rigid enforcement of the personal property tax laws. As the Illinois Special Tax Commission has well said: "This situation inevitably leads to a disrespect of the law in other fields; and calls for far-reaching changes in the present system of taxation."

4. *Tangible Personalty Complaints*

Generally voiced and fully as important as the grievances against intangible property taxation on the present basis, are those directed against a uniform property tax on household furniture in the home and implements of craft or labor owned by artisans and workingmen. Application of the current tax rate to these classes justly may be regarded as placing an undue burden upon the necessities of life. Moreover, even for this property no uniform standard of assessment exists in Illinois. Cook County, defying the law, arbitrarily "exempts" schedules of less than $300, because cost of collection exceeds revenue derived from such small items, and this "exemption" eliminates household furniture to a limited extent, except when excessive valuations have resulted from failures, through ignorance or

lack of time, to "schedule under." Most other Illinois counties attempt to tax this property like any other, and without graduation.

Complaint also is heard from the merchant—especially the small retailer—as to various inequities in connection with the taxation of goods in stock, particularly in those cases where the goods are carried on account pending sale.

In addition, these owners of visible personal property feel that their holdings are much like those of the owner of real property—easy objects of the burdens of taxation shifted by the escape of intangible wealth.

5. *To Summarize*

The foregoing partial listing of complaints against the operation of the general property tax system in Illinois indicates two conclusions:

1. That the uniform rule of taxation with its tendency to impose burdens with reference to inability to escape rather than in proportion to ability to pay, penalizes industry, thrift and enterprise; places the burden on the weak, the conscientious and the unwary; discourages individual ownership of land not only by heaping disproportionate burdens on real estate, but also by making conditions and interest rates hard for the borrower; and is most unfavorable to the general prosperity and development of the State.

2. That any statement of a community's wealth naturally groups the various classes of values composing the same, and that obviously the methods of taxation as to each class must be suited to its character if justice is to be secured and revenues derived.

All this discussion suggests that some classes of property—especially intangible property—may with equity be taxed at a lower rate than other forms of property, especially real estate. It will be noted in subsequent pages that the tendency in the most prosperous and substantial States—where real property interests dominate—is toward the taxing of intangibles at a low specific rate, or toward the taxing of the incomes from the intangibles instead of taxing the property itself. It also will be noted that these methods produce so much greater revenues from intangible wealth than Illinois derives, that land tax burdens are reduced. Compare, for example, the revenues derivable for state and local purposes from the bonds and stocks, shares of capital stock of corporations not of this state, and real estate investments, etc., listed in Cook County for 1915 [see Table II], with the revenue derived from wealth of like character in the city of Baltimore for 1915. [See pages 27-8.] The total of these Cook County items—$19,021,887—at the average rate of $2.00 per $100, full value, would yield only $380,438. At a rate of only $0.45 per $100, Baltimore—a city one-fourth the size of Chicago—will derive $937,942 from the same kind of property in the same year, for state and local purposes. Scrutiny of reports on low-rate taxation of intangibles from other states, appearing on subsequent pages, shows clearly the advantages of modern methods from the viewpoint of revenues alone.

Even if attempt were made to scale intangible values to correspond

to real property values, however, it still would be inequitable to tax these values in precisely the same way, because the income from real estate investment is computed after charging off the taxes to expense and deducting them from the gross earnings, whereas the earnings of an intangible investment are net and the taxes must be paid out of the income.

In addition, there is the practical consideration of the mobile character of intangible wealth; its importance to the welfare of a State; the danger of driving it away altogether unless it is taxed in conformity with economic principles, and the fact that no State has been able to make it pay its fair proportion of the tax burden under the general property rule.

CHAPTER III

WHAT RIGID ENFORCEMENT WOULD MEAN

Tax rates and valuations are determined by the demand for public revenue. Needs for public revenues in Illinois, as in all other States, are increasing constantly with the new demands which are being made upon government.

To meet these demands under the present system, present rates must be increased and applied, generally, to increased valuation of property already taxed. If the pending amendment is adopted, revenues from new sources derived in an equitable manner by methods worked out in other States, may be reasonably expected. This will tend not only to relieve from undue share of the prospective increase, property already taxed, but to equalize the future burdens between property which now pays heavily and property which pays little or frequently nothing. If the pending amendment should fail of adoption a far more rigid enforcement of the present system than has ever been known would accompany future demands for larger public funds.

Rigid enforcement of the present system sometimes is urged by the superficially inclined as a cure for present inequalities. The following are a few of the developments which would attend a real attempt at rigid enforcement:

1. Greatly increased and probably intensely centralized powers of assessment and an army of deputies working constantly throughout the year.
2. Heavy penalties with provisions for rigid enforcement against delinquents.
3. An inquisitorial drag-net by which the assessors would attempt to question every possible holder of intangible wealth.
4. Persons having no taxable property would be put to the expense and inconvenience of establishing their innocence of criminally hiding property.
5. Intangible property of every kind, regardless of income-producing ability, would have to pay taxes by value out of its net in-

come. This would operate to create higher interest rates, necessitating greater profits from all real property and increasing rents and the cost of living.

6. Money in bank would be taxed at a rate so much higher than the rate of exchange that it would go to more favorable jurisdictions, creating financial stringency in Illinois, at least during the assessment period. Already this tendency has been observed in some parts of the State.

7. Even if bank runs and bank closings did not result, the banks would be compelled to pay a higher rate of interest on deposits to make up for the tax rate, and this would increase the interest rates on all sorts of loans.

8. A confiscatory tax rate even more than would be now a menace confronting every prospective investor in Illinois, and to many times the extent which it now deters new capital for purchase of existing tangible property, from coming into this State, it would operate to depreciate all values of all tangible property by diminishing the market for it. Other States would profit by the hegira of capital from Illinois and this State would be retarded in its economic growth and development.

9. Every stick of furniture, every wash-boiler, every pick and shovel and hammer and saw, would have to contribute its mite, regardless of petty annoyance—and frequently hardship—on the part of thousands of individuals, and of a cost of assessment and collection far exceeding the revenues derived.

Industrialism—employer and employe alike—would be injured by a rigid enforcement of the present uniform property tax system, even if it were done in the most impartial manner possible.

CHAPTER IV

HISTORY OF TAX REVISION MOVEMENT

Public appreciation of the evils and conditions discussed in preceding pages has been growing for many years. The Illinois tax revision movement began officially in 1909; the General Assembly provided by law for the Illinois Special Tax Commission, consisting of seven members, serving without pay, the duties of which comprehended a study of the Illinois taxation system in comparison with methods used in other States and the making of recommendations for needed changes.

As provided by the law, Governor Deneen, in April, 1910, appointed the Commission and named as members the following:

John P. Wilson, lawyer, Chicago, Chairman.
*Alfred M. Craig, Galesburg, Justice of the Illinois Supreme Court from 1873 to 1900.
Edmund J. James, President, Illinois State University, Urbana, Secretary.

B. F. Caldwell, Springfield, farmer, and former Member of Congress.
*A. P. Grout, Winchester, farmer. A trustee of the University of Illinois.
Harrison B. Riley, President Chicago Title and Trust Company.
B. L. Winchell, Chicago, then President of the St. Louis & San Francisco Railroad Company.

*Mr. Craig and Mr. Grout since have passed away.

The Commission reported in 1911, and published a voluminous report in relation to its findings and conclusions concerning Illinois taxation conditions. In Chapter XI, page 200, of its report, the Commission in presenting its final conclusions, says:

The most serious difficulties appear in the assessment of personal intangible property, such as moneys and credits, mortgages, bonds and stocks. The assessment of such holdings on the same basis as tangible property appears to be impossible; while, if possible, the result would be highly unjust and inequitable.

The Commission said further:

Our study of the tax systems of other States shows clearly that other methods of taxation than the general property tax are both more equitable and, at the same time, more successful as means of raising public revenue from intangible property. But no such methods can be introduced in Illinois under the present Constitutional restrictions requiring the taxation of all classes of property on an absolutely uniform basis. It therefore becomes necessary for any adequate change in the system of taxation, that the Constitutional provisions should be amended.

* * * * * * * * * In view of our conclusions that any adequate changes in the basis of taxation in this State must be preceded by changes in the Constitutional Provisions we recommend and submit herewith, for the consideration of the General Assembly, the following Proposed Amendment to the Constitution of the State of Illinois, to be added as Sec. 14 of Article IX of the State Constitution.

The Amendment proposed is that which is to be voted on next November.

CHAPTER V

PROPOSED AMENDMENT—EFFECT AND POSSIBILITIES

Proposed Amendment

Adopted by the Senate, by two-thirds vote, May 18, 1915. Concurred in by the House, by two-thirds vote, May 20, 1915. To be voted upon by the people, Nov. 7, 1916. Session Laws, 1915, p. 731.

To be added to Article IX—"Revenue"—of the Constitution of Illinois and to be numbered "Section 14 of Article IX":

ARTICLE IX, SEC. 14. FROM AND AFTER THE DATE WHEN THIS SECTION SHALL BE IN FORCE THE POWERS OF THE GENERAL ASSEMBLY OVER THE SUBJECT MATTER OF THE TAXATION OF PERSONAL PROPERTY SHALL BE AS COMPLETE AND UNRESTRICTED AS THEY WOULD BE IF SECTIONS ONE (1), THREE (3), NINE (9), AND TEN (10), OF THIS ARTICLE OF THE CONSTITUTION DID NOT EXIST; PROVIDED, HOWEVER, THAT ANY TAX

LEVIED UPON PERSONAL PROPERTY MUST BE UNIFORM AS TO PERSONS AND PROPERTY OF THE SAME CLASS WITHIN THE JURISDICTION OF THE BODY IMPOSING THE SAME, AND ALL EXEMPTIONS FROM TAXATION SHALL BE BY GENERAL LAW, AND SHALL BE REVOCABLE BY THE GENERAL ASSEMBLY AT ANY TIME.

Those portions of the Constitution which the Amendment would affect are as follows:

Sec. 1. The General Assembly shall provide such revenue as may be needful by levying a tax, by valuation, so that every person and corporation shall pay a tax in proportion to the value of his, her or its property—such value to be ascertained by some person or persons to be elected or appointed in such manner as the General Assembly shall direct, and not otherwise; but the General Assembly shall have power to tax peddlers, auctioneers, brokers, hawkers, merchants, commission merchants, showmen, jugglers, inn-keepers, grocery-keepers, liquor dealers, toll bridges, ferries, insurance, telegraph and express interests or business, venders of patents and persons or corporations owning or using franchises and privileges, in such manner as it shall from time to time direct by general law, uniform as to class upon which it operates.

Sec. 3. The property of the State, counties and other municipal corporations, both real and personal, and such other property as may be used exclusively for agricultural and horticultural societies, for school, religious, cemetery and charitable purposes, shall be exempted from taxation; but such exemption shall be only by general law. In the assessment of real estate encumbered by public easement, any depreciation occasioned by such easement may be deducted in the valuation of such property.

Sec. 9. The General Assembly may vest the corporate authorities of cities, towns and villages with power to make local improvements by special assessment or by special taxation of contiguous property or otherwise. For all other corporate purposes, all municipal corporations may be vested with authority to assess and collect taxes; but such taxes shall be uniform in respect to persons and property within the jurisdiction of the body imposing the same.

Sec. 10. The General Assembly shall not impose taxes upon municipal corporations, or the inhabitants or property thereof, for corporate purposes, but shall require that all the taxable property within the limits of municipal corporations shall be taxed for the payment of debts contracted under the authority of law, such taxes to be uniform in respect to persons and property within the jurisdiction of the body imposing the same. Private property shall not be liable to be taken or sold for the payment of the corporate debts of a municipal corporation.

Changes Amendment Would Make

Sec. 1 of Article IX would be changed by adoption of the Amendment so as to authorize the legislature to enact laws which would substitute different and suitable rates and methods for the just and sure taxation of each of the various classes of property, instead of the present so-called "uniform" method which permits the escape of millions from taxation.

The Proposed Amendment would affect Sec. 3, as quoted above, to the extent of classifying the personal property, which may or may not be exempted by the General Assembly; provided that any exemptions made must be by general and not special law, and shall not be contractual but revocable at any time.

Secs. 9 and 10, above quoted, would be affected by the Amendment to the extent of permitting municipal corporations to levy taxes on personal property according to classes, in such manner as the General Assembly may provide by law, if it so elects.

There may be a different rate of tax on the different classes of personal property which the General Assembly, as it sees fit, shall provide for by law. But the tax rate shall be uniform as to all property in each class.

But the Amendment does not require the legislature to take any action whatever; and, if it sees fit, it need not change the present system. Technically, the present Constitution requires uniform taxation, uniform valuation, and uniform tax rates on all taxable property. The Amendment removes that restraint so far as personal property is concerned.

The Proposed Amendment will be submitted to the voters of the State of Illinois, for adoption or rejection, at the general election, Nov. 7, 1916. Following is the Constitutional provision regulating the submission and adoption of amendments:

THE PROPOSED AMENDMENTS SHALL BE PUBLISHED IN FULL AT LEAST THREE MONTHS PRECEDING THE ELECTION, AND IF A MAJORITY OF THE ELECTORS VOTING AT SAID ELECTION SHALL VOTE FOR THE PROPOSED AMENDMENTS, THEY SHALL BECOME A PART OF THIS CONSTITUTION.

The ballot laws provide that proposals to amend the Constitution shall be submitted to the voters upon a ballot, separate and distinct from that upon which appear the names of candidates for the various public offices. They also reaffirm the Constitutional requirement of a majority of electors voting at the election in order that the pending Amendment may be ratified.

It will be seen from the foregoing that to secure the adoption of the Proposed Amendment it must be voted for by a majority of those voting at the election. It is highly important that voters be impressed with necessity of marking their ballots for the Amendment.

Each voter should understand that failure to vote for the pending Amendment to the Revenue Article of the Constitution is a vote against the Amendment. It is equivalent to saying that the present tax system is ideal and needs no change in any particular.

IF YOU WANT TAX REVISION, VOTE: "YES."

CHAPTER VI

NEW INTANGIBLE TAXES—GREATER REVENUES

A new system of taxing intangible values will be made possible by adoption of the Proposed Amendment. Exactly what plan will be utilized will be determined by the legislature. It goes without saying that the law-makers of Illinois will take into account the

new systems which have been, and are being, tried in other States. In general, it may be said that the purpose and effect of such systems are to establish justice between taxpayers and to produce public revenues. In seeking to attain these results, effort has been directed to devise methods which would act automatically. That is to say, to create conditions which would impose a tax at such a time and in such a manner that its payment cannot be evaded.

Further on in these pages the devices employed in several States are stated in some detail, with figures showing how they result. It is enough to say that any one of the modern methods, if applied to Illinois, would produce vastly greater revenues than are now derived from the taxation of intangible values.

The proportion of the tax burden borne by real property has a direct bearing upon rents, and this gives to tenants as well as landowners a keen interest in bettering the tax system.

As suggested in earlier pages, demands for increased public revenues may reasonably be expected, and the increased burden must be added to tangible property—real and personal—if the present system is retained. On the other hand, much, if not all, of this necessary increase in the immediate future may be provided for by creating a new taxation system for intangible values, by obtaining in an equitable but effective manner revenues from taxable values now practically undiscoverable and wholly non-productive of revenues.

This hopeful expectation is justified by the fact that in other States where new methods have been tried the burden of taxation upon tangible property has been decreased, while the general revenues have been greatly augmented.

PART II—TAX SYSTEMS OF OTHER STATES

In order to present to the reader an intelligent idea of the tax situation in the United States, so far as classification is concerned, the Civic Federation sent the subjoined letter to the Governors of the several States:

Dear Sir: Will you please give to us the following information concerning tax conditions in your State:

Does your State Constitution impose the "general property" tax system, or does it permit classification of different kinds of property? Does it give your legislature broad powers in enactments affecting taxation?

How long has the existing revenue provision been embodied in your Constitution?

If the Constitution does not permit classification, is there a pronounced movement for an amendment thereto, designed to give broader powers to the legislature in this direction?

Has any such amendment been voted on by the people, or suggested in recent years?

What was its scope?

Was it rejected, or adopted; and if rejected, what appeared to be the underlying reasons for such rejection?

An expression of your own views on the desirability of permission or inhibition of the principles of classification in a State Constitution would be greatly appreciated.

Our reason for asking these questions lies in the fact that Illinois will vote next year on a "property classification amendment."

CLASSIFICATION STATES

Based on information thus obtained is the following list of States which have few or no constitutional restrictions, which authorize classification of property, or in which authority to classify to some extent has been assumed:

Arizona	Maryland†	Oklahoma
Colorado	Massachusetts*	Pennsylvania
Connecticut	Michigan	Rhode Island
Delaware	Minnesota	Vermont
Georgia	New Mexico	Virginia
Iowa	New York	Wisconsin
Kentucky*	North Dakota	

South Dakota will vote upon a classification amendment Nov. 7, 1916—at the same time as Illinois.

*Adopted Nov. 2, 1915.

†Has used classification since 1897; amendment confirming and extending legislative authority adopted Nov. 2, 1915.

Replies from these states follow. With these replies are printed the pertinent constitutional provisions and also such authoritative data as are available from commonwealths which have operated to any con-

siderable extent under modern substitutes for the general tax upon personal property.

The data as to methods are presented solely for information and without comment. The states which have taken advantage of elastic constitutional provisions have dealt with the evils of the general property tax in different ways. Illinois to-day is powerless to employ any of these modern remedies. The fact that in none of these states have the legislative bodies gone to extremes, and in many cases have worked out great betterments, is significant. If the pending Constitutional Amendment receives the required large majority for adoption, it may be assumed that the General Assembly will adopt such modern methods as seem best fitted to conditions in Illinois.

ARIZONA

In the following letter Secretary Jesse L. Bryce of the Arizona State Tax Commission, to whom was referred a letter to Governor Hunt of Arizona, returned the Civic Federation's original letter with his replies interpolated therein. The answers are indicated:

Does your State Constitution impose the "general property" tax system, or does it permit of classification of different kinds of property? Does it give your legislature broad powers in enactments affecting taxation?

Answer: Permits Classification, Sec. 1, Article IX, Constitution. All property assessed under general property tax. Express business only specific tax.

How long has the existing revenue provision been embodied in your Constitution?

Answer: Since adoption, Dec. 12, 1911.

* * * * * * * * * * * * *

Do you favor giving the legislature broad powers as to classification or non-classification of property?

Answer: This Commission is opposed to any specific law of taxation on any class of property.

JESSE L. BRYCE, Secretary, State Tax Commission.

Constitutional Provisions: Article IX, Sec. 1. The power of taxation shall never be surrendered, suspended, or contracted away. All taxes shall be uniform upon the same class of property within the territorial limits of the authority levying the tax, and shall be levied and collected for public purposes only.

Sec. 2. There shall be exempted from taxation all Federal, state, county, and municipal property. Property of educational, charitable, and religious associations or institutions not used or held for profit may be exempted from taxation by law. Public debts, as evidenced by the bonds of Arizona, its counties, municipalities, or other subdivisions, shall also be exempt from taxation. There shall further be exempt from taxation the property of widows, residents of this state, not exceeding the amount of $1,000, where the total assessment of such widow does not exceed $2,000. All property in the state not exempt under the laws of the United States or under this Constitution, or exempted by law under the provisions of this section, shall be subject to taxation to be ascertained as provided by law.

Sec. 12. The law-making power shall have authority to provide for the levy and collection of license, franchise, gross revenue, excise, income, collateral, and direct inheritance, legacy, and succession taxes, also graduated income taxes, graduated collateral and direct inheritance taxes, graduated legacy and succession taxes, stamp, registration, production, or other specific taxes.

Note.—It is significant that only two states—Arizona and New Mexico—of all authorizing classification, whose officials are not enthusiastic about this principle, not only are new and comparatively undeveloped in character, but never have tried the substitution of other methods for the general tax upon personal property. They are like the Illinois of threescore years ago; they have little intangible property to raise taxation

problems. It is in the populous, prosperous states, where intangible values make up a large proportion of the total wealth, that the value of modern methods is recognized.

COLORADO

Denver, Oct. 11, 1915.—Dear Sir: Your letter to the Governor has been turned over to the tax commission for answer. The Constitution of Colorado imposes the general property tax system, but has a clause which permits the legislature to classify property for tax purposes. The Constitution does not give the legislature broad powers in its enactments affecting taxation. The existing revenue provision was placed in the Constitution in 1876. While the Constitution gives the legislature the power to classify property for taxation purposes and impose different rates upon different classes of property, there does not appear to be any pronounced movement to increase legislation tending to classify property and tax the different classes at different rates. The tax commission is in favor of giving the legislature very broad powers in the matter of tax laws, and among these the power to classify property for taxation purposes is especially important. THE COLORADO TAX COMMISSION, by John B. Phillips.

Constitutional Provisions: Article X, Sec. 2. The General Assembly shall provide by law for an annual tax sufficient, with other resources, to defray the estimated expenses of the state government for each fiscal year.

Sec. 3. All taxes shall be uniform upon the same class of subjects within the territorial limits of the authority levying the tax, and shall be levied and collected under general laws, which shall prescribe such regulations as shall secure a just valuation for taxation of all property, real and personal: Provided, That the personal property of every person being the head of a family, to the value of $200, shall be exempt from taxation. * * *

Sec. 4. The property, real and personal, of the state, counties, cities, towns, and other municipal corporations, and public libraries, shall be exempt from taxation.

Sec. 5. Lots with buildings thereon, if said buildings are used solely and exclusively for religious worship, for schools, or for strictly charitable purposes, also cemeteries, not used or held for private or corporate profit, shall be exempt from taxation, unless otherwise provided by general law.

CONNECTICUT

Hartford, Oct. 2, 1915.—Dear Sir: Your letter of the 29th inst. addressed to Governor Holcomb has been referred to this office for answer. The Constitution of the State of Connecticut is free from the word taxation, and all provisions concerning the assessment and collection of taxes in Connecticut are statutes and may be repealed or amended at any session of the legislature. We have a classification of property for taxation purposes, it being optional with the holder of intangible personal property as to whether or not he shall pay a four-mill tax to the state or the local tax to the municipality wherein he resides. Different kinds of corporations are taxed on a different basis, and at different rates. WILLIAM H. CORBIN, Tax Commissioner.

Connecticut places a flat rate of 4 mills per annum on most intangibles if they are registered; otherwise they are subject to the general local tax rate. Mortgages on Connecticut real estate are virtually exempt; bank deposits and cash are exempt to the amount of $100; saving deposits in state banks are exempt to holders; the 4-mill tax applies to all taxable deposits not otherwise provided for. A careful system of apportionment of revenues between the state and local governments has been worked out. This information is supplied by Mr. William H. Corbin, Tax Commissioner of Connecticut. With reference to recent developments, Mr. Corbin, at the fifth session of

the National Tax Association Conference, San Francisco, August, 1915, made substantially the following statements:

A law was passed by this legislature which provides that when inventories of estates are filed with the tax commission, the administrator must file also an affidavit setting forth the items in the inventory on which taxes were paid, or were assessed for taxation, during the year previous to the death of the decedent; and I think we have now some teeth in the law. If those taxes have not been paid upon the property, there shall be two per cent per annum for five years levied upon that estate, which will be a ten per cent penalty tax, and I think they would rather pay the 4 mills tax than pay a ten per cent penalty. So while we have not had any teeth in the law before, it certainly looks as if we were going to have them now, and we have been receiving on the voluntary method about $257,000, which is certainly, in Connecticut, worth finding.

Vermont adopted a law two or three years ago providing for taxation of savings deposits by a system permitting the national banks to be taxed on the deposits and therefore exempting local depositors. That was taken to the United States Supreme Court and the court upheld the law in Vermont. Now in Connecticut this last year the legislature adopted a similar law which provides a permissive system of taxation [¼ of 1 per cent] of deposits in the savings departments of national banks, but the part of the law which is compulsory, and which has not yet been tested by the court, is that the national banks having savings deposit departments must submit—if they do not wish to come under the permissive system—they must submit to the assessors in the different towns a list of the depositors in their departments with the amounts, and the assessors then are supposed to add to the list for purposes of taxation the amounts, if any, which appear on the list furnished by the banks, which are not shown upon the individual list of the taxpayer. So the idea is, that all of the national banks in Connecticut having savings deposits will prefer to pay this small tax of one-quarter of one per cent on the deposits in their savings departments and thus exempt the depositors locally. In that way they will be able to advertise that they are on the same basis as savings banks, which do pay one-quarter of one per cent on their deposits, with certain deductions, and whose depositors are exempt. So those laws are quite similar.

DELAWARE

Wilmington, Oct. 18, 1915.—Dear Sir: I find upon my desk after my return home from the West, a letter addressed by you to his Excellency the Governor of Delaware, and forwarded to me by him for reply. I, for years, have been a member of the state tax commission created for the purpose of straightening out our tax laws, which were in a deplorable condition. One of the features that worked to our advantage was the freedom given us by our Constitution, and which provision I have heard eulogized many times by members of the International Tax Association, of which I was also a member for a number of years. It is as follows:

"All taxes shall be uniform upon the same class of subjects within the territorial limits of the authority levying the tax, and shall be levied and collected under general laws, but the General Assembly may, by general laws, exempt from taxation such property as in the opinion of the General Assembly will best promote the public welfare."

My own impression from personal experience is the freedom given by this constitutional act is most desirable, and I have never heard of any opposition in our state to it; it is fair to all alike and makes it possible

to make laws in accordance with the requirements of the state. GEORGE W. SPARKS.

Constitutional Provisions: Article VIII, Sec. 1. All taxes shall be uniform upon the same class of subjects within the territorial limits of the authority levying the tax, and shall be levied and collected under general laws, but the General Assembly may, by general laws, exempt from taxation such property as in the opinion of the General Assembly will best promote the public welfare.

Article X, Sec. 3. Provided, That * * * all real and personal property used for school purposes, where the tuition is free, shall be exempt from taxation and assessment for public purposes.

GEORGIA

Atlanta, Oct. 12, 1915.—Dear Sir: Governor Harris directs me to say that the present Constitution of the State of Georgia was adopted in 1877. The appellate courts have decided that the state has a right of classification of different kinds of property for taxation, though the rate of ad valorem taxation on real and personal property must be uniform. Specific taxes must be uniform on subjects of the same class. There have been no recent constitutional amendments submitted to our people upon the subject of taxation, and the present status of the Constitution seems to be satisfactory in that particular. F. R. JONES, Private Secretary.

Constitutional Provisions: Article IV, Sec. 1, Paragraph 1. The right of taxation is a sovereign right, inalienable, indestructible, is the life of the state, and rightfully belongs to the people in all republican governments, and neither the General Assembly, nor any nor all other departments of the government established by this Constitution, shall ever have the authority to irrevocably give, grant, limit, or restrain this right; and all laws, grants, contracts, and all other acts whatsoever by said government, or any department thereof, to effect any of these purposes shall be, and are hereby, declared to be null and void for every purpose whatsoever, and said right of taxation shall always be under the complete control of, and revocable by, the state, notwithstanding any gift, grant, or contract whatsoever by the General Assembly.

Article VII, Sec. 2, ¶1. All taxation shall be uniform upon the same class of subjects, and ad valorem on all property subject to be taxed within the territorial limits of the authority levying the tax, and shall be levied and collected under general laws. The General Assembly may, however, impose a tax upon such domestic animals as, from their nature and habits, are destructive of property.

¶2. The General Assembly may by law exempt from taxation all public property; all places of religious worship or burial; all institutions of purely public charity; all buildings erected for and used as a college, incorporated academy, or other seminary of learning; the real and personal estate of any public library, and that of any other literary association used by or connected with such library; all books and philosophical apparatus; and all paintings and statuary of any company or association kept in a public hall and not held as merchandise or for purposes of sale or gain: Provided, That the property so exempted be not used for purposes of private or corporate profit or income.

IOWA

Des Moines, Oct. 6, 1915.—Dear Sir: Replying to your letter of September 29, directed to Governor Clarke, which letter has been referred to the writer, who has direct charge of the tax certification and records, I have to say that our state does impose the general property tax and that our system is that with only slight modifications. An amendment was proposed by the Thirty-fifth General Assembly to the Constitution providing for classification of different kinds of property. The Thirty-sixth General Assembly, the approval of which is required under the Constitution, failed to approve the same, consequently it died. Our provision in the Constitution has existed from the adoption of the Constitution in 1857. There is a growing movement in the state in favor of classification and those who have given the question of tax much thought are generally in favor of such an amendment to our Constitution. Our last General Assembly was a most reactionary body. * It is probable that it was wise that the consideration of the classification amendment be deferred, as the sentiment was not sufficiently developed to have enabled its friends to have it adopted at the polls in all probability. No such amendment has

yet been voted on by the people. Under the conditions existing in this state, classification is most certainly desirable as a means of equalizing the burdens of government. While our statutes are very strict as to the duty of assessors, local equalizing boards and the State Board of Review, until the year 1913 no real effort has been made at an actual compliance with the same, although on a former occasion the matter was considered to some extent. Governor Clarke has not indicated his personal opinion as to the matter of classification. A. H. DAVISON, Secretary.

Des Moines, Nov. 19, 1915.—Dear Sir: I have your letter of November 13 in reference to the Iowa method of taxing moneys and credits. You ask the question, "How is it permissible under the Iowa Constitution to tax moneys and credits at the rate of five mills on the dollar of actual value?" * * * It has been the practice in Iowa and in other states having similar constitutional provisions to provide for special taxes upon different classes of property, of course to be made available for the benefit of all the people of the state. * * * This statute undertakes and does lay a uniform tax upon this kind of property in the hands of all citizens and for that reason would seem to grant no special privileges within the contemplation of the Constitution. However, this statute has not been called in question in the courts and possibly there may be some vulnerable point when tested, but the time has passed within which we would expect the matter to be contested if lawyers deemed the same vulnerable. As regards the success of the statute in this state, I will enclose a copy of a letter written by me some time since upon a similar request from A. E. Holcomb, Treasurer of the National Tax Association, which I think covers what you are asking. A. H. DAVISON, Secretary, Executive Council of Iowa.

Mr. Davison's statement referred to in his letter follows: The last valuation where moneys and credits were included with personal property was the year 1911, when the total net taxable value of all personal property, including moneys and credits, was $134,452,985. For the four succeeding years personal property, except moneys and credits, and moneys and credits at their actual value, were as follows:

	Personal	Moneys and Credits. Actual Value
1912	$ 93,762,629	$188,773,775
1913	101,848,015	207,233,866
1914	110,698,770	250,218,178
1915	112,736,012	270,506,356

The figures given of personal property are net taxable values or twenty-five per cent of the actual values returned, while the moneys and credits values given for the four years are the actual value of moneys and credits returned, upon which, under our statute enacted by the Thirty-fourth General Assembly, we levy a tax of five mills upon each dollar. The growth for the several years would consist of the total personal assessments plus one-fourth of the actual value of the moneys and credits. My belief is that this growth represents very much more than the growth which would have naturally resulted had we not separated moneys and credits from other personal property. It is plain to be seen the growth on other personal property from 1912 to 1915, about twenty-one million dollars taxable value; which, of course, is eighty million dollars actual value, while the growth on both together, adding one-fourth of the value of moneys and credits to the value of personal property for 1915, is about fifty million dollars. The figures, however, do not reveal at all, in my judgment, the actual situation. Our people are not yet convinced that the legislature may not at any time repeal the low rate on moneys and credits and for that reason the man who has the moneys and credits is fearful to be honest and does not list the same lest he will reveal his property in moneys and credits and the law be repealed and then he

thereafter could not conceal the same from the high rates under the general property tax. It is my judgment further that as soon as the people become convinced that the statute will not be repealed that the listing of moneys and credits will be greatly increased. I do not undertake to say that this is the general opinion, but I believe it is the opinion of those who have the most to do with taxation matters.

Constitutional Provisions: Article III, Sec. 30. The General Assembly shall not pass local or special laws for the assessment and collection of taxes for state, county, or road purposes.

Article VIII, Sec. 2. The property of all corporations for pecuniary profit shall be subject to taxation the same as that of individuals.

KENTUCKY

Frankfort, Oct. 8, 1915.—Dear Sir: Your letter of September 29, addressed to Hon. J. B. McCreary, Governor, has just been handed to me for reply, and I shall answer the questions as best I can, as follows: 1. Our State Constitution imposes the "general property tax," and does not permit of classification of different kinds of property. 2. The powers given the General Assembly are rather limited. 3. Our present Constitution went into effect in 1891. 4. There has been for some years a pronounced movement looking to an amendment of our Constitution, designed to give the legislature broader powers in the direction of classification of property. This amendment was enacted in 1912, and was submitted to a vote of the people in 1913, with the result that the amendment was carried by a majority of 33,500. It was afterwards discovered that the Secretary of State had failed to properly advertise the proposed amendment, and our Court of Appeals, in the case of McCreary, Governor, vs. Speer, held the election invalid. However, the legislature of 1914 again directed the amendment submitted, and it has been properly advertised and will be submitted for ratification or rejection on Nov. 2, 1915. I have heard it discussed but little, so cannot venture an opinion as to the outcome. 5. I am sending you under separate cover a copy of the Report of our Special Tax Commission made to the 1914 General Assembly, which, I believe, will afford your commission some considerable data on the taxing system in vogue and the proposed system. Also copy of the amended section of our Constitution referred to, supra. CHARLES H. MORRIS, Assistant Attorney-General.

The amendment was adopted, and reads as follows:

The General Assembly shall provide by law an annual tax, which, with other resources, shall be sufficient to defray the estimated expenses of the commonwealth for each fiscal year. Taxes shall be levied and collected for public purposes only, and shall be uniform upon all property of the same class subject to taxation within the territorial limits of the authority levying the tax; and all taxes shall be levied and collected by general laws.

The General Assembly shall have power to divide property into classes and to determine what class or classes of property shall be subject to local taxation. Bonds of the state and of counties, municipalities, taxing and school districts shall not be subject to taxation.

Any law passed or enacted by the General Assembly pursuant to the provisions of or under this Amendment or amended section of the Constitution, classifying property and providing a lower rate of taxation on personal property, tangible or intangible, than upon real estate, shall be subject to the referendum power of the people, which is hereby declared to exist to apply only to this section, or amended section. The referendum may be demanded by the people against one or more items, sections or parts of any act enacted pursuant to or under the power granted by this Amendment, or amended section. The referendum petition shall be filed with the Secretary of State not more than four months after the final adjournment of the Legislative Assembly, which passed the bill on which the referendum is demanded. The veto power of the Governor shall not extend to measures referred to the people under this section. All elections on measures referred to the people under this act shall be at the regular general elections, except when the Legislative Assembly shall order a special election. Any measure referred to the people shall take effect and become a law when approved by the majority of the votes cast thereon, and not otherwise. The whole number of votes cast for the candidates for Governor at the regular election last preceding the filing of any petition shall be the basis upon which the legal voters necessary to sign such petition shall be counted. The power of the referendum shall be ordered by the Legislative

Assembly at any time any acts or bills are enacted, pursuant to the power granted under this section or amended section, prior to the year of one thousand nine hundred and seventeen. After that time, the power of the referendum may be ordered either by the petition signed by five per cent of the legal voters or by the Legislative Assembly at the time said acts or bills are enacted. The General Assembly enacting the bill shall provide a way by which the act shall be submitted to the people. The filing of a referendum petition against one or more items, sections or parts of an act shall not delay the remainder of that act from becoming operative.

MARYLAND

Constitutional Provisions: Declaration of rights: Article XIV. That no aid, charge, tax burthen, or fees ought to be rated, or levied, under any pretense, without the consent of the legislature.

Article XV. [As amended November 2, 1915.] That the levying of taxes by the poll is grievous and oppressive and ought to be prohibited; that paupers ought not to be assessed for the support of the government; that the General Assembly shall, by uniform rules, provide for separate assessment of land and classification and sub-classifications of improvements on land and personal property, as it may deem proper; and all taxes thereafter provided to be levied by the state for the support of the general state government, and by the counties and by the City of Baltimore for their respective purposes, shall be uniform as to land within the taxing district, and uniform within the class or subclass of improvements on land and personal property which the respective taxing powers may have directed to be subjected to the tax levy; yet fines, duties or taxes may properly and justly be imposed, or laid with a political view for the good government and benefit of the community.

Secretary Allan C. Girdwood, of the State Tax Commission of Maryland (1915), in a report on "Taxation of Intangible Personal Property in Maryland," says:

> It is sufficient to state that economists and students of taxation and administrators all agree that the general property tax cannot be imposed on all kinds of property alike. Attempts to do so have discredited the general property tax system throughout the United States.

To impose the same tax on all kinds of property tends to inequality, says the Supreme Court of the United States.

> I know of no community in this country where the general property tax has been imposed upon money, credits and intangible evidences of wealth at the same rate as on real and tangible personal property, with any degree of success.

The failure to tax this kind of wealth under the guise of the general property tax gave force to the two methods which have been pursued in the states.

First—By means of an income tax, and

Second—By imposing a low uniform rate or tax upon property within the class, the rate being fixed with the view of a reasonable payment out of the income from the investment.

Each of these methods has its friends..

It is high praise given by Professor Bullock of Harvard when he says:

> "The experience of Pennsylvania and Maryland under imperfect laws and with imperfect methods of administration should lead to a revision of the opinion that it is impossible to collect any sort of a tax on intangible wealth. Is it not possible that these commonwealths have found a practical, if not an ideal, method of removing the worst evils in American state and local taxation?"

The Maryland act was passed over eighteen years ago, at the January Session of 1896, and went into effect the following year; it provided for a uniform rate of 30 cents for local purposes, plus the direct state general property rate, which at that time was 17¾ cents. It is very important to know what is affected by its terms. The law provided that "all bonds and certificates of indebtedness issued by corporations and stocks of foreign corporations" are within the purview of the law, but only on condition that interest is paid within the year. Shares of Maryland corporations, ordinary mortgages, book accounts of merchants, savings ac-

counts, are not included within the classification in Maryland, but are included in other states. State, county and municipal stocks are not now included. This tax is not imposed upon the holdings of this classified property held by savings banks, because of the annual franchise tax of 25 cents on each $100 of deposits (without any credits or allowances) which is paid by savings banks. Further, it has not been imposed upon the holdings of domestic corporations having investments in the class, because these are supposed to be represented in the value of the shares.

Prior to 1914 the tax against the shares of all banks and Maryland corporations was at the state rate and full local rate prevailing at the residences of the shareholders. Under provision of an act passed in 1914, ordinary business corporations pay taxes on real and tangible personal property like an individual, and, in addition, an annual franchise tax on the amount of outstanding capital. Corporations other than ordinary business corporations will pay the full rate on shares as heretofore; except banks, which have now been put within the 1 per cent Bank Act. Hereafter ordinary business corporations will pay the tax on their holdings of this class of property at the low rate.

Prior to 1904 mortgages were taxed in Maryland at a rate of 8 per cent per annum on the interest covenanted by the mortgage to be paid. The act has been repealed in all but four counties. Experience in Maryland in taxing mortgages demonstrates to my mind conclusively that a mortgage tax or a mortgage recording tax is paid by the borrower and not by the investor.

I make these explanations in order that you may understand how limited in scope is the application of the rate, and yet I believe each of the limitations is sound and reasonable. With these exceptions clearly understood, I believe I can truthfully say that the success attending the administration of the low rate of taxation on intangible personal property in Maryland is far more creditable than writers on this subject have given credit.

Heretofore the Maryland law has had one weak feature—as the rate on the security was not fixed and constant—because the total rate was the aggregate of the uniform local rate of 30 cents and the state rate on property. The latter was variable. At the time of the passage of the act the state rate was 17¾ cents, consequently the rate against this class of property was 47¾ cents on $100.

Between 1897 and 1914 the state rate has varied between the minimum of 16 cents and the maximum, attained in 1913 and 1914, of 31 cents. The highest rate consequently has been 61 cents on $100 of valuation. Under an act passed by the last legislature the rate for state purposes was classified, and now the rate imposed on this class everywhere is 45 cents, of which 15 cents is for the use of the state and 30 cents for the use of the locality, divided further as regards the local rate in case the holder resides in an incorporated city, town or village, having a separate rate in addition to the county rate. Attempt was made in the legislature of 1904 by persons who desired to discredit taxation of intangible property, to repeal this law. This attempt was quickly defeated as soon as the results of eight years' successful application of the law had been demonstrated. Since then there has been no further attempt to repeal the law.

At the conclusion of his report, Mr. Girdwood presents a table showing the "assessment of interest-paying bonds, certificates of indebtedness, stocks of foreign corporations (subject to the 30-cent local rate) in Baltimore City," i. e., the face value of these securities returned for taxation each year from 1896 to 1915, inclusive.

The following table presents these figures for 1896—the last year of attempted assessment under the general property tax; 1897, the first year of taxation under the classified tax, and 1915, the latest date

for which figures are available; and also a computation of the revenues derived from this source at the rate which maintained in each of these years:

Year.	Valuation.	Rate per $100.	Revenue.
1896	$ 6,000,000	$2.17¾	$130,650
1897	58,703,795	.47¾	280,310
1915	208,431,712	.45	937,942

MASSACHUSETTS

Boston, Nov. 26, 1915.—Dear Sir: This commonwealth does impose a general property tax on all kinds of property except such kinds as are taxed under the so-called "excise clause" of the Constitution. The property tax clause has been embodied in the State Constitution since it was originally enacted in 1780. I believe, also, that it came down from former Province laws and has been on the statute books some three hundred years. An amendment voted on by the Body Politic Nov. 2, which would allow the legislature to enact laws concerning income taxation, was passed by a vote of 269,748 in favor and 98,093 against. We do favor giving the legislature broad powers, but you will notice that the article is a restricted one. Another amendment to the Constitution passed the last legislature and will come up to the present legislature this coming winter and if enacted would open wide the door for any kind of revision in tax laws. This latter amendment would strike out from the Constitution the word "proportional." JOHN W. LOCKE, Deputy Tax Commissioner.

Boston, Oct. 26, 1915.—Dear Sir: The Constitution of Massachusetts does impose the general property tax system. It does not give powers of discrimination to the legislature in the taxing of property. It does, however, give some powers of discrimination to the legislature in imposing special taxes upon privileges. Under this power the legislature has imposed separate and distinct taxes on domestic corporations, legacies and successions, savings banks, foreign corporations doing business in Massachusetts and insurance companies. The revenue derived from these special taxes it not exceeding 20 per cent of the total revenue raised in the state and with relation to the other 80 per cent it is to be said that this is raised under the general property tax. The general property tax has been the backbone of our revenue system since colonial times. There is before the people for their approval next week a constitutional amendment giving power to the legislature to classify property, to tax its income, and to exempt from other taxation property the income of which is taxed. This amendment has been favorably acted upon by two successive legislatures, and so far as we are able to discover, there is no organized opposition to it. The only amendment to the Constitution relative to taxation which has been voted upon by the people in recent years is an amendment which was approved by them in 1913 or 1914, permitting the classification of forest property. We now have as a result of this amendment an excellent law for the taxation of forests and forest lands. In my judgment, there is the greatest necessity for the adoption of the Constitutional Amendment now before the people. I think it does not make much difference whether a given state shall adopt an amendment allowing classification of property to be taxed at a low flat rate, or an amendment allowing classification of property to be taxed upon the basis of the income produced by it. The result can be brought out to be substantially the same in both cases. Which method of amendment should be adopted in a given state would be determined by local conditions. As a matter of fact, in Massachusetts it is either an income tax amendment or nothing, for a good long time. In my judgment there is little, if any, justification for any American state to refrain longer from giving to its legislature either power to classify or power to tax inturns of income. The teaching gained from the experience of every state is conclusive. Without such a power either to classify or to tax

income, the legislature cannot make the fundamental distinctions and discriminations between classes of property which are in no economic sense alike. Until the legislature is given power to make such distinction, confusion and injustice in taxation will exist to an unwarranted extent.—CHAS. A. ANDREWS, President, Massachusetts Tax Association, and Former Deputy Tax Commissioner.

Constitutional Provision, adopted November 2, 1915. Full power and authority are hereby given and granted to the general court to impose and levy a tax on income in the manner hereinafter provided. Such tax may be at different rates upon income derived from different classes of property, but shall be levied at a uniform rate throughout the commonwealth upon incomes derived from the same class of property. The general court may tax income not derived from property at a lower rate than income derived from property, and may grant reasonable exemptions and abatements. Any class of property the income from which is taxed under the provisions of this article may be exempted from the imposition and levying of proportional and reasonable assessments, rates and taxes as at present authorized by the Constitution. This article shall not be construed to limit the power of the general court to impose and levy reasonable duties and excises.

At the fifth session of the National Tax Association's Ninth Annual Conference, held in San Francisco, August, 1915, Mr. Charles A. Andrews of Massachusetts, whose letter appears above, spoke substantially as follows of the effort made to relieve some of the general property tax inequities in Massachusetts prior to the adoption of the recent amendment to the Constitution of that state:

May I cite a very interesting experiment that Massachusetts has just tried? We have a cast-iron Constitution which prohibits us from making any distinction between classes of property in matters of taxation. By an act of 1914 the legislature provided, however, that mortgage bonds might be registered with the tax commissioner upon payment of a fee of three dollars a thousand, and the bonds be exempted from local taxation for a year after the date of registration. There was grave doubt as to whether it was constitutional, but yet in the three months of January, February and March, 1915, $27,000,000 worth of bonds were brought into our office and registered and the three-dollar-tax was paid, despite the fact that many people believe the registration act was unconstitutional. Of course, registration stopped on the first day of April, because there was no good of registering on the second or third days of April to get a tax exemption working on the first of April, 1916. * * * If it is resumed it will be resumed in January, February and March of next year; but in the meantime the legislature of Massachusetts asked certain questions of the Supreme Court of Massachusetts in May, 1915, relating to the principle of exemption by registration, and the court in its reply said practically that exemption of property from taxation by registering it and paying a small fee is no good in Massachusetts. The registration act of 1914 is still in force. It has not been declared unconstitutional. * * * But the court has said that that principle is no good in Massachusetts. It probably will result, therefore, that in next January, February and March there will not be presented $27,000,000 worth or any other appreciable amount of securities. This brings us squarely up to the point that if we are going to have any decent and reasonable taxation of securities in Massachusetts we can have it only by constitutional amendment.

MICHIGAN

Detroit, Nov. 6, 1915.—Dear Sir: I have your letter of November 5, together with copy of form letter sent to the governors of the various states requesting information concerning the Constitution and laws relating to the subjects of taxation. I am just about to leave the city for several days, and will, therefore, endeavor to answer the questions you ask right away. Our State Constitution permits the classification of property for purposes of taxation and gives the legislature quite broad

powers to enact laws relating to the subject of taxation. This revised Constitution was adopted by the people in 1908, our Constitutional Convention having met in 1907. Since that time the legislature has enacted laws providing for a specific tax on certain forms of credits, such as mortgages and bonds. These laws have proven quite satisfactory to the people of our state. We have also enacted a law providing for a specific tonnage on vessel property in place of the old ad valorem tax. Personally, I am very much in favor of a classification of property for purposes of taxation and I wish it were possible for every state to provide for such classification in its Constitution. So long as the states persist in following the old general property tax system in the assessment of property, so long will the larger part of personal property escape taxation entirely. There is only one way to reach intangible personalty and that is to enact legislation providing for a reasonable tax. Where the tax imposed eats up the larger part of the income derived from the property very little of that kind of property ever reaches the assessment rolls. The result is that the owners of real property have to bear an extra burden. I sincerely hope that the good people of the State of Illinois will fall in line with the other progressive states in this matter and adopt, by an overwhelming vote, the amendment to the State Constitution which your federation has been working so hard for. GEO. LORD, Secretary, Michigan State Tax Association.

Constitutional Provisions: Article X, Sec. 3. The legislature shall provide by law a uniform rule of taxation, except on property paying specific taxes, and taxes shall be levied on such property as shall be prescribed by law: Provided, That the legislature shall provide by law a uniform rule of taxation for such property as shall be assessed by a State Board of Assessors, and the rate of taxation on such property shall be the rate which the State Board of Assessors shall ascertain and determine is the average rate levied upon other property upon which ad valorem taxes are assessed for state, county, township, school, and municipal purposes.

Sec. 4. The legislature may by law impose specific taxes, which shall be uniform upon the classes upon which they operate.

Sec. 5. The legislature may provide by law for the assessment at its true cash value by a State Board of Assessors, of which the Governor shall be exoffcio a member, of the property of corporations and the property, by whomsoever owned, operated, or conducted, engaged in the business of transporting passengers and freight, transporting property by express, operating any union station or depot, transmitting messages by telephone or telegraph, loaning cars, operating refrigerator cars, fast freight lines, or other car lines, and running or operating cars in any manner upon railroads, or engaged in any other public service business; and for the levy and collection of taxes thereon.

The following is from an address by Joseph E. Davies, Commissioner of Corporations, Washington, D. C., on "Tax Legislation Enacted and Constitutional Amendments Adopted and Pending During 1913." The address will be found in the proceedings of the National Tax Association, 1913, page 96, under the heading of "Secured Debts" and "Mortgage Recording" taxes Mr. Davies said:

During the present year Michigan has extended the method of commuting taxes on certain classes of intangible personalty through the "Secured Debts" Law. In 1911 this state adopted the New York "Mortgage Recording Tax" Law, under which bonds and other obligations secured by Michigan realty mortgages on which the recording tax has been paid are exempt from all other taxation. The "Secured Debts Tax" Law, also adopted from New York, provides a tax of one-half of one per cent upon the face value of bonds, notes and other debts secured by mortgages of property in any state other than Michigan, or upon unsecured serial bonds, debentures or notes not payable within one year and not issued for an amount exceeding $1,000 each. This, like the Mortgage Recording Tax, when paid once exempts such debts from all general taxation in Michigan.

St. Paul, Oct. 11, 1915.—Dear Sir: Yours of September 30, addressed to Governor W. S. Hammond, and asking for certain information as to the Minnesota tax system, has been turned over to this commission for reply. The State Constitution in 1906 was amended by a vote of the people so as to permit the classification of property for taxation purposes. This amendment provides that "Taxes shall be uniform upon the same class of subjects." The 1913 legislature enacted what is known as the "classified assessment law" (Chapter 483, Laws 1913), in conformity with this amendment. MINNESOTA TAX COMMISSION, Henry A. S. Ives, Secretary.

Constitutional Provisions: Article IX, Sec. 1. The power of taxation shall never be surrendered, suspended, or contracted away. Taxes shall be uniform upon the same class of subjects, and shall be levied and collected for public purposes, but public burying grounds, public schoolhouses, public hospitals, academies, colleges, universities, and all seminaries of learning, all churches, church property used for religious purposes, and houses of worship, institutions of purely public charity, and public property used exclusively for any public purpose, shall be exempt from taxation, and there may be exempted from taxation personal property not exceeding in value $200, for each household, individual, or head of a family, as the legislature may determine.

Article IV, Sec. 32a. Any law providing for the repeal or amendment of any law or laws heretofore or hereafter enacted, which provides that any railroad company now existing in this state, or operating its road therein, or which may be hereafter organized, shall in lieu of all other taxes and assessments upon their real estate, roads, rolling stock, and other personal property, at and during the time and periods therein specified, pay into the treasury of this state a certain percentage therein mentioned of the gross earnings of such railroad companies now existing or hereafter organized, shall, before the same shall take effect or be in force, be submitted to a vote of the people of the state and be adopted and ratified by a majority of the electors of the state voting at the election at which the same shall be submitted to them.

[From the Report of the Minnesota Tax Commission, 1914]

Money and credits have always been subject to taxation in Minnesota. Prior to 1911 the state attempted to tax such property on the same basis and at the same rate as other classes of personal property. The attempt to do so, however, was never even measurably successful. * * * In 1910, the last year under the old method of assessment, the amount of money and credits returned for taxation represented less than 3 per cent of the estimated value of such property owned by citizens of the state. * * * No state has ever yet succeeded in reaching intangible personal property for purposes of taxation when the same rate was applied to it as to tangible personal property. It was scarcely to be expected that Minnesota could succeed in doing that which other states had failed to do. * *

Realizing the complete failure of the general property tax when applied to intangibles, the legislature in 1911 * * * enacted the three-mill tax law. It was felt that a low flat tax rate would result in placing a large amount of this class of property on the tax rolls that had heretofore escaped taxation entirely, and that eventually the low rate would produce more revenue than the old system had done because of the increased amount listed. In addition, it was felt that the new law would reduce the premium on dishonesty and permit men to be truthful * * * without fear of having their property confiscated in excessive tax rates.

These conclusions have been fully justified by results. The value of this class of property returned for taxation in 1910, the last year under the old method of taxing it, was less than $14,000,000, while this year the amount listed for taxation exceeds $196,500,000, an increase of more than 1300 per cent in four years. In 1910 only 6,200 assessments of this class of property were returned, while this year the assessments numbered 73,266, an increase of more than 1,081 per cent in the number of persons assessed.

* * * The revenue now derived from the three-mill tax is considerably larger than the amount collected under the old method of taxation. The tax levied on this class of property in 1910 was a little in

excess of $379,000, while this year it will amount to about $589,000, an increase of nearly $210,000, or 55 per cent, in the four years of the new law. Every county in the state is now getting more revenue from the three-mill tax than under the old law. In addition, the burden of the tax is much more widely and equitably distributed than it was under the old system. In 1910 the ratio of persons assessed for money and credits to other personal property assessments was 1 in 48, and these mostly widows and orphans, while in 1914 the ratio was 1 for money and credits to every 4½ for other personal property. In other words, in 1910, out of every 48 persons assessed for personal property in the state, only one was assessed for money or credits, while in 1914 one out of every 4½ persons assessed made a return of such property.

On page 67 the foregoing report presents the following table in relation to an assessement of money and credits, 1910-1914:

"Money," as defined in the law, includes all forms of currency in common use, whether in hand or on deposit in a bank. "Credits" include book accounts, bills receivable, promissory notes, bonds, rents, annuities, land contracts and mortgages not recorded in this state, and all other claims or demands for money or other valuable thing.

Year.	Persons Assessed.	Total Assessment.	Total Taxes.
1910	6,200	$ 13,919,806	$379,754.58
1911	41,439	115,481,807	347,028.38
1912	50,564	135,369,314	406,107.94
1913	57,068	156,969,892	470,909.67
1914	73,266	196,548,307	589,644.92

The money of banks and of corporations subject to the gross earnings tax, state and municipal bonds issued subsequent to the passage of the law, and mortgages on property in this state upon which the Mortgage Registry Tax has been paid, are exempt from the three-mill tax.

The assessment is to be made at the fair cash value of the property, and not at a percentage of such value as in the case of other personal property. No deduction is allowed for debts.

The tax is levied and collected in the same manner as other personal property taxes, and is apportioned, one-sixth to the state revenue fund, one-sixth to the county revenue fund, one-third to the city, village or town, and one-third to the school district in which the property is assessed.

[From Report of Minnesota Tax Commission, 1912.]

Mortgage Taxation.—Prior to 1907 mortgages were assessed and taxed in the same manner as other classes of personal property. * * * The tax could rarely be enforced against non-residents of the state, and as a result a non-resident could loan money at a slightly lower rate of interest and still derive a greater net revenue from his loan than a citizen of the state. To overcome this disadvantage the practice became common of having the mortgage recorded in the name of a non-resident, even when actually owned by a citizen, thus evading the tax. As a result of this practice a very small amount of public revenue was derived from this source of taxation. In 1907 the legislature passed a law imposing a tax of fifty cents, in lieu of all other taxes, on each hundred dollars of the principal debt or obligation secured by the mortgage. This law applies to all mortgages, whether owned by residents or non-residents of the state, except mortgages taken by persons or corporations whose personal property is expressly exempted by law. The revenue derived under the law for the year ending September 30, 1909, amounted to $385,910.91, and for the year ending September 30, 1910, $509,542.26, the total collected since the enactment of the law to the last-named date being $1,320,972.69.

[From Report of the Minnesota Tax Commission, 1914.]

A tax is (1914) imposed on all mortgages upon real property situate in this state. The tax is a registration tax imposed at the time the mortgage is filed for record. If the mortgage is due not more than five years after its date the tax is fifteen cents upon each hundred dollars, or frac-

tion thereof. If the mortgage matures more than five years after its date the tax is twenty-five cents upon each hundred dollars or fraction thereof. The payment of the registry tax exempts the obligation secured from all other taxes. If the mortgage is not recorded the obligation secured thereby is taxable the same as any other credit. Mortgage registry taxes are apportioned, one-sixth to the revenue fund of the state, one-sixth to the county revenue fund, and the balance is divided equally between the school district and the city, village or town in which the real estate covered by the mortgage is situated.

NEW MEXICO

Santa Fe, Oct. 4, 1915.—Dear Sir: I have to inform you in reply to yours of September 30 that our State Constitution at first provided for the general property tax system. At our state election last year an amendment was adopted to this Constitution giving the legislature practically a free hand in the way of legislation relating to taxation. Personally, I see no objection to permission being granted under the Constitution to the legislature embodying the principle of classification. I am rather inclined to the belief that the system of property tax can be made effective and is as reasonable and fair as anything that I have ever heard suggested. The modern ideas of taxation depend for their success upon the aroused sentiment of the people, and because of this their success is attributed to the improved methods of taxation as claimed by those who advocate what is known as modern ideas. If the people generally become interested and insist upon a proper assessment under the property tax system, good results in my opinion may be obtained. W. C. M'DONALD, Governor.

Constitutional Provisions: Article VIII [as amended November 3, 1914], Sec. 1. Taxes levied upon tangible property shall be in proportion to the value thereof, and taxes shall be equal and uniform upon subjects of taxation of the same class.

Sec. 2. Taxes levied upon real or personal property for state revenue shall not exceed four mills annually on each dollar of the assessed valuation thereof, except for the support of the educational, penal, and charitable institutions of the state, payment of the state debt and interest thereon; and the total annual tax levy upon such property for all state purposes, exclusive of necessary levies for the state debt, shall not exceed ten mills.

Sec. 3. The property of the United States, the state and all counties, towns, cities, and school districts, and other municipal corporations, public libraries, community ditches and all laterals thereof, all church property, all property used for educational or charitable purposes, all cemeteries not used or held for private or corporate profit, and all bonds of the State of New Mexico, and of the counties, municipalities, and districts thereof, shall be exempt from taxation.

Sec. 5. The legislature may exempt from taxation property of each head of a family to the amount of two hundred dollars.

Sec. 6. Lands held in large tracts shall not be assessed for taxation at any lower value per acre than lands of the same character or quality and similarly situated, held in smaller tracts. The plowing of land shall not be considered as adding value thereto for the purpose of taxation.

Note: See "Note" under Arizona.

NEW YORK

Albany, Oct. 3, 1915.—Dear Sir: The State Tax Commission acknowledges the receipt of your letter of September 30, addressed to Honorable Charles S. Whitman, Governor. The present Constitution contains no requirement for a general property tax system, nor does it permit the classification of different kinds of property. The power is entirely with the legislature. During the summer the Constitutional Convention met in Albany and adopted a proposed new Article on Taxation, which is to be submitted to the voters at this next election. STATE TAX COMMISSION, C. J. Tobin, Counsel.

Note.—The new article referred to by Mr. Tobin was defeated at the election of Nov. 2, 1915, and the powers of the legislature in matters of

taxation remain as before, practically unrestricted. The New York Constitutional Provision follows:

Constitutional Provisions: Article III, Legislative Powers, Sec. 48. Every law which imposes, continues, or revives a tax shall distinctly state the tax and the object to which it is to be applied, and it shall not be sufficient to refer to any other law to fix such tax or object.

Sec. 49. On the final passage, in either house of the legislature, of any act which imposes, continues, or revives a tax, or creates a debt or charge, or makes, continues, or revives any appropriation of public or trust money or property, or releases, discharges, or commutes any claim or demand of the state, the question shall be by yeas and nays, which shall be duly entered upon the journals, and three-fifths of all the members elected to either house shall in all such cases be necessary to constitute a quorum therein.

Operation of the New York System

In 1913 a sub-committee of the Board of Taxes and Assessments of New York City published a Report on the Taxation of Personal Property from 1880 to 1913.

Since 1880 the policy of the State of New York towards the taxation of personal property has been to classify such property and to impose a special tax upon each separate class. As each class has been defined in the tax law and subjected to its special tax, it has been withdrawn from liability to the general property tax.

The object of the report was—

1. To point out the large revenue derived in the State of New York from these special taxes on classified property.
2. To show that a larger revenue is derived from these special taxes than could be had by attempting to reach such classified property by the personal property tax, either at the current local rates or at a low rate, such as three mills.
3. To show that under the classified tax policy of New York State the proportion of taxes paid by real estate has been greatly decreased and the proportion derived from the other sources greatly increased. * * *

A total of $45,600,000 is produced annually by taxes that have been substituted for the personal property assessment.

Is it conceivable that any sum approaching $45,600,000 could be obtained from the ordinary personal property assessment if these special taxes were repealed, and all personal property were again made subject to the general property tax?

At a 2 per cent rate it would require $2,280,016,400 to produce such a revenue. And the largest personal assessment ever known in the state was only $800,000,000.

At a 3-mill rate it would require $15,200,108,000 (over fifteen billion dollars) to produce such a revenue.

Yet these special taxes produce $37,327,026 without any difficulty in administration, and without the perjury, friction and ill-feeling which must attend any attempt at a listing system, whether the tax be burdensome or light.

Proportion of Personal Taxes to Real Estate Taxes

If we assume a tax rate of 2 per cent it will require.....	$ 1,866,351,312
to produce the $37,327,026 now produced by the Special Indirect Taxes. Add to that the present assessed value of personal property subject to the personal property tax..	462,300,841
Total	$ 2,528,652,153
Total assessed value of real estate is	$10,561,501,373

Hence the value of personal property on the equivalent of a 2 per cent tax rate is 25 per cent of the value of real estate, or 20 per cent of the total of real and personal.

This may seem small, yet in 1880, before New York began its system of classified personal property taxes the proportion of personal to the total of real and personal was only 12.70 per cent. So that the result of the inauguration of the present New York tax system has been nearly to double the proportion of personal to the total of real and personal.

12.70 per cent of the present total of real and personal would be $1,400,022,880. Yet the indirect taxes on personal property produced the equivalent of a 2 per cent tax on $1,866,351,312, and we still have $462,300,841 of personal property on our rolls. Hence any attempt to suggest that the imposing of special taxes has resulted in the exemption of personal property is simply ridiculous.

In concluding a more detailed discussion of the division of tax burden as between real estate and personal property, the report says:

Thus in 1913, as a result of the establishment of the classified tax system of the state, the burden of real estate has fallen from 87 per cent to 65 per cent.

The report goes on to say that the mortgage recording tax paid in the previous year was upon a total of $740,929,780. The recording fee in New York being fifty cents on the $100 for the period of the mortgage, the revenues from this source alone for all purposes throughout the state amounted to $3,704,648. In the last year in which attempt was made to assess mortgages under the old general property tax—1906—at the current rate of approximately $3.00 on the $100, only $935,291 was derived from the same source in New York State.

The report also discusses what would happen if the classified taxes were abolished and an attempt made to raise the present revenues under the general property tax, as follows:

Who Would Pay?

First of all the farmers, for they have $189,662,043 of live stock and $58,806,300 of farm implements and machinery. This would all be open to the view of the assessor and could not escape. And it would be all new found revenue, because practically none of the special taxes fall on the farmers now.

Second, the manufacturers, who have $486,774,713 of manufacturing machinery, tools and implements. These also would be open to the view of the assessor. But note that to-day our taxes on corporations produce $10,349,164.76 and on organization of corporations $472,959.81, a total of $10,822,124.57, or the equivalent of a 3-mill tax on $3,607,374,788.

Third, the merchants, whose stocks of goods would be open to the view of the assessor.

Fourth, the householder, whose furniture, clothing, books, silverware, pictures, jewelry, horses, carriages, automobiles, etc., would all be subject to appraisal and assessment by the assessor.

Fifth, the investors in bonds, mortgages and notes, who would be as diligent as possible in concealing such possessions from the assessor.

Note that under the mortgage recording tax and the secured debt law the investors in such securities now have to pay a tax on such securities.

The result, then, would be that farmers, manufacturers, merchants and householders would all pay more under such a system and that the owners of bonds, mortgages and notes would be left as they are now, unless they voluntarily listed their securities with the assessor.

And the further result would be that if every farmer, manufacturer, merchant and householder paid on all his tangible property and investors listed all their bonds, mortgages and notes, a tax of 3 mills on all this

would produce $32,773,061.91 instead of $45,600,324 under the present system.

The mortgage recording tax and the secured debts tax are the New York methods for taxation of intangibles to the individual, most often referred to. Bank taxation in New York is summarized as follows by Thomas B. Paton, General Counsel American Bankers' Association, in a paper read before the 1913 conference of the National Tax Association, page 317, 1913 proceedings:

* * * In lieu of all other taxation, there is a flat rate of one per cent upon the value of the shares, including the real estate in such value, and in addition the bank must pay taxes locally upon any real estate which it may own. Banks, so far as I can learn, are satisfied with the justice of this system.

NORTH DAKOTA

Bismarck, Oct. 4, 1915.—Dear Sir: Answering your questions: The state imposes a general property system tax. Our Constitution also permits of the classification of the different kinds of property and our legislature has broad powers in enacting legislation for taxation. Our Constitution has not been changed materially for a number of years, except that a year ago it did permit the classification of property which would permit of a different rate of taxation to go against one class of property than against another. Would say that this classification amendment was voted on by the people in 1914. Would say that it was adopted. Personally, I believe that the idea of a property classification is all right, especially in view of the effort made to tax moneys and credits, which is a hard thing to get at unless there is some reasonable method and some fair rate adopted. L. B. HANNA, Governor.

Constitutional Provisions: Secs. 176 and 179 as amended November 3, 1914:

Sec. 176. Taxes shall be uniform upon the same class of property, including franchises within the territorial limits of the authority levying the tax, and shall be levied and collected for public purposes only, but the property of the United States, and of the state, county, and municipal corporations, shall be exempt from taxation; and the Legislative Assembly shall by a general law exempt from taxation property used exclusively for school, religious, cemetery, charitable, or other public purposes, and personal property to any amount not exceeding in value two hundred dollars for each individual liable to taxation: Provided, That all taxes and exemptions in force when this Amendment is adopted shall remain in force, in the same manner and to the same extent, until otherwise provided by statute.

Sec. 179. All taxable property, except as hereinafter in this section provided, shall be assessed in the county, city, township, village, or district in which it is situated, in the manner prescribed by law. The property, including franchises of all railroads operated in this state, and of all express companies, freight line companies, dining-car companies, sleeping-car companies, car equipment companies, or private car line companies, telegraph or telephone companies or corporations operating in this state and used directly or indirectly in the carrying of persons, property, or messages, shall be assessed by the State Board of Equalization in a manner prescribed by such State Board or Commission as may be provided by law. But should any railroad allow any portion of its railway to be used for any purpose other than the operation of a railroad thereon such portion of its roadway, while so used, shall be assessed in the manner provided for the assessment of other real property.

OKLAHOMA

Oklahoma City, Oct. 30, 1915.—Dear Sir: I have yours of October 25, and in reply to same beg to say that regarding Art. 10, Sec. 5 of our Constitution, which provides "Taxes shall be uniform upon the same class of subjects," is construed as authority to the state legislature to classify property for taxation purposes, and in regard to same beg to say that this provision in our Constitution, whereby our legislature is empowered to classify property, is one of the best provisions of that Constitution. * * * There is no question in my mind but what, with the growing functions of government and the increase in cost, that it is

now necessary that all constitutions be written so that legislative bodies may classify property for taxation purposes. E. B. HOWARD, State Auditor.

Constitutional Provision: Article X, Sec. 5. The power of taxation shall never be surrendered, suspended, or contracted away. Taxes shall be uniform upon the same class of subjects.

PENNSYLVANIA

Harrisburg, Oct. 11, 1915.—Dear Sir: Your letter of the 30th ult. has been referred to this bureau by Hon. M. G. Brumbaugh, governor of this state, to-day. The Constitution of Pennsylvania provides as follows: "All taxes shall be uniform, upon the same class of subjects, within the territorial limits of the authority levying the tax, and shall be levied and collected under general laws, but the General Assembly may, by general laws, exempt from taxation public property used for public purposes, actual places of religious worship, places of burial not used or held for private or corporate profit, and institutions of purely public charity." Art. IX, Sec. 1. Under this provision classification has been upheld by our courts so long as the tax is uniform upon all subjects in the same class within the taxing district. Our state taxes are largely collected from corporations and these are classified for the purpose of taxation, the rate being uniform upon the same class of corporations only. This provision has been incorporated in the Constitution since Jan. 1, 1874. We cannot say that there is a pronounced movement for an amendment of this section of the Constitution, nor has one been proposed since the adoption in 1874. Taxation is one of the questions that is not a vital issue to the people of Pennsylvania, taken as a system. The only issues upon this subject are such as arise locally and then concern the rate or levy only. Having no tax on real estate for state purposes nor on individual personal property, the people are not given to much discussion upon this subject. JAMES N. MOORE, Director, Legislative Reference Bureau.

Constitutional Provision: Article IX, Sec. 1. All taxes shall be uniform upon the same class of subjects within the territorial limits of the authority levying the tax, and shall be levied and collected under general laws; but the Legislative Assembly may, by general laws, exempt from taxation public property used for public purposes, actual places of religious worship, places of burial, not used or held for private or corporate profit, and institutions of purely public charity.

Discussing the taxation systems of other states, the report of the Kentucky Special Tax Commission, pp. 89-92, gives a survey of the methods and results of specific taxation in the State of Pennsylvania.

For thirty years Pennsylvania has taxed intangible property at a uniform rate of four mills upon each dollar of the fair cash valuation ($4 per $1,000). * * * The tax has two parts: First, a tax upon intangible property other than corporate loans; and, second, a tax upon the loans of counties, municipalities and business corporations doing business in Pennsylvania. In reality, however, the two laws form a single consistent scheme for the taxation of intangible property at a uniform rate. * * * It applies to money at interest, money owing by solvent debtors, mortgages, public securities not exempt from taxation nor included in the tax on corporate loans, and shares of stock in all corporations other than companies subject to taxation upon their capital stock of their business in Pennsylvania. It is collected by the counties and paid into the state treasury, but the state then returns three-fourths of the proceeds to the various counties. The tax upon corporate loans is deducted by the treasurers of counties, municipalities and business corporations when paying interest upon loans, and is paid directly into the state treasury, the proceeds accruing wholly to the state.

A very large part of the tax, possibly fifty per cent, is collected from mortgages on real estate, since the law makes rigorous provisions for

ascertaining the ownership of this class of property; a considerable amount is paid by trust companies upon personal property which they hold in trust, and the remainder, possibly thirty or thirty-five per cent, is paid by individuals assessed by sworn return or by arbitrary estimate. Even allowing for the large amount collected from mortgages, the increase of property taxed by the county officials at the rate of four mills has been very remarkable, as shown by the following table:

Table Showing the Amount of Intangible Property Locally Assessed in Pennsylvania.

1885	$ 145,300,000	1900	$ 722,900,000
1888	429,800,000	1903	847,100,000
1891	575,300,000	1906	932,900,000
1894	613,900,000	1907	1,014,000,000
1897	673,700,000		

Even if one-half of the assessment represents mortgages on real estate, the results are striking. In other states we have shown that personal property of an intangible character forms a decreasing proportion of the total assessment and sometimes fails to increase at all with the growth of wealth and population. But in Pennsylvania during the last twenty-five years intangible property taxed at the rate of four mills has increased much more rapidly than the valuation of real estate, which between 1885 and 1903 increased from $1,697,202,000 to $2,986,197,000. The most remarkable increase in the assessment of intangible property occurred between 1885 and 1888, and resulted from a stricter assessment law. But even after 1888 the law remaining unchanged, the assessments showed a normal and healthy increase, as the assessment of property should in a community that is increasing in wealth and population.

In point of fact, the administration of the Pennsylvania law is far from rigorous; and, except in the case of mortgages and personal property held in trust by trust companies, there is more or less evasion. But, even so, a far greater proportion of such property is reached than in other states, and the persons who are taxed pay a reasonable rate, which does not produce material hardship. The tax is not looked upon as odious or confiscatory, and yields a substantial revenue, which steadily increases from year to year.

The tax upon corporate loans is collected by methods which make evasion comparatively difficult. Although limited in its operation to bonds owned by residents of Pennsylvania, the yield has steadily increased at a satisfactory rate. From 1886 to 1890 the receipts averaged $300,000 per year, this amount being somewhat less than usual, because considerable sums were withheld by corporations pending the outcome of litigation. From 1891 to 1895 the receipts averaged $1,130,000; from 1896 to 1900 they averaged $1,260,000; from 1901 to 1905 they averaged $1,530,000, and in 1906 amounted to $2,352,000. Here, as in the figures showing the results of the tax upon tangible property assessed locally, we find a healthy and normal increase. It is clear that the tax on corporate loans, even though it is collected only on securities held in Pennsylvania, does not drive this class of property out of the state. The legal questions which originally arose under the requirement that the corporations deduct the tax have now been settled, and it may be regarded as established that a state has the right to require domestic corporations to deduct a tax in this manner from the interest on securities owned by residents. In recent years corporations have often voluntarily assumed the payment of the tax in order to be able to advertise that their bonds are non-taxable in Pennsylvania.

From the figures just given, showing the yield in 1906, it can be computed that the tax on corporate loans reached approximately $600,000,000 of property. If we add to this figure the $1,014,000,000 of intangible property assessed by the county officials, we have a total of $1,614,000,000 of intangible property taxed in Pennsylvania. This figure excludes the

shares of corporations taxed directly by the state. It amounts to nearly one-half of the assessed value of real estate subject to taxation in Pennsylvania, and is $391,600,000 greater than the entire assessed value of all classes of real and personal property in Minnesota in 1910. If we deduct the amount representing the probable assessment of mortgages, we still have more than $1,000,000,000 of intangible property assessed for taxation. No other state in the Union has ever made an equally favorable showing. Ohio, with a far more drastic law, assessed in 1906 only $147,900,000, and this includes mortgages, so that the figures are to be compared with the total of $1,614,000,000 in Pennsylvania. Since 1906 the assessment in Pennsylvania has steadily increased, while in Ohio it has decreased more than seven per cent.

RHODE ISLAND

Providence, Oct. 8, 1915.—Dear Sir: Your letter of September 30, addressed to Hon. R. L. Beeckman, governor, has been referred to this department with request that reply be made to you direct. Answering your inquiry, the Constitution of Rhode Island, adopted in 1842, gives the legislature all the latitude necessary in the matter of the classification of property for purposes of taxation. It says (Sec. 2) "the burdens of this state ought to be fairly distributed among its citizens;" and (Sec. 15) "the General Assembly shall from time to time provide for making new valuations of property for the assessment of taxes in such manner as they may deem best." No proposition to amend the Constitution in this particular has been advanced since its adoption in 1842. When the general property tax system was abolished with the enactment of the Tax Act of 1912, which, among other radical changes, effected a classification for the first time in the history of the state, no question of constitutional authority for this change arose. As you will see by reference to the Tax Act of 1912, which I am sending you under separate cover, intangible personal property is taxed throughout the state at the uniform rate of forty cents for each $100 of assessed valuation, while the rates on real estate and tangible personal property are fixed by the municipalities within certain limitations and vary from seventy cents to $1.75 per $100. The enactment of the present law followed three years of careful investigation of the general subject of taxation by a joint special committee of the General Assembly. It follows, therefore, that there is a very decided opinion in this state that classification of property for purposes of taxation is not only desirable, but absolutely necessary to the equitable distribution of the tax burden under present-day industrial and economic conditions in this country. Z. W. BLISS, Chairman, Department of State Taxation.

Constitutional Provisions: Article I, Sec. 2. * * * All laws should be made for the good of the whole; and the burdens of the state ought to be fairly distributed among its citizens.

Article IV, Sec. 15. The General Assembly shall, from time to time, provide for making new valuations of property for the assessment of taxes in such manner as they deem best.

During the fifth session of the National Tax Association Conference, San Francisco, August, 1915, Mr. Bliss, whose letter precedes, made substantially the following statement:

In regard to the low rate on intangibles: We had formerly, of course, the old general property tax, no centralization whatever, and all intangibles practically escaped. The highest estimate of intangibles assessed given by any assessor in the state was thirty per cent of the total personal property assessment. That would be equivalent to a local assessment on intangibles of about thirty millions of dollars. My private opinion was that it was probably not more than fifteen or twenty millions. Under our new provisions, saving accounts, locally taxable before, were made exempt. That took away from the local assessors about

$139,000,000 which were liable to taxation, and the greater part of the fifteen, twenty or thirty million, whatever there had been assessed, was made up of the assessment on savings accounts. They would get at this from the probate records. Of course, they already paid a tax of four mills to the state. The corporate excess and our gross earnings tax, also the tax on banks and trust companies, relieved from local assessments more than $360,000,000 worth of securities. * * * In spite of the fact that all these securities were relieved from local taxation, our state revenue has increased about $800,000, or a little more, and our local revenue about $450,000 or more, so that our total revenue has increased one and one-quarter million dollars under the low rate. We have 1.8 mills direct state tax. The average rate of taxation in 1912 under the general property tax was 14.76 mills. SO THAT OUR LOCAL REVENUES HAVE INCREASED $450,000 BY THE REDUCTION OF MORE THAN TEN MILLS IN RATES ON INTANGIBLES; OUR STATE REVENUE HAS INCREASED $850,000 WITH A REDUCTION OF THE DIRECT STATE TAX OF NINE-TENTHS OF A MILL.

VERMONT

Northfield, Oct. 5, 1915.—Dear Sir: Your letter of September 30, addressed to Governor Gates, has been handed to me for my attention. Under separate cover I am sending you a copy of the Constitution of the State of Vermont, calling your attention to the Ninth Article thereof appearing on page twelve, from a perusal of which an answer will be obtained to the several questions you ask. CHARLES A. PLUMLEY, Commissioner of Taxes.

Constitutional Provision: Article IX, Chapter 1. That every member of society hath a right to be protected in the enjoyment of life, liberty, and property, and, therefore, is bound to contribute his proportion toward the expense of that protection and yield his personal service, when necessary, or an equivalent thereto, but no part of any person's property can be justly taken from him or applied to public uses without his own consent or that of the representative body of freemen, nor can any man who is conscientiously scrupulous of bearing arms be justly compelled thereto, if he will pay such equivalent; * * * and previous to any law being made to raise a tax, the purpose for which it is to be raised ought to appear evident to the legislature to be of more service to the community than the money would be if not collected.

That the foregoing Constitutional provisions have been construed as allowing the state legislature considerable latitude may be deduced by reading the detailed summary of the Vermont tax system as set forth in the Federal Census Bureau Bulletin on Taxation and Revenue Systems, already referred to. Thus among various ways of taxing different classes of property are included the following substitutes for the general tax on certain intangible values:

Savings banks and trust companies pay 7/10 of 1 per cent on the average amount of deposits and accumulations, less an amount not exceeding 10 per cent of their assets when invested in United States bonds. In the case of banks, the average amount of the assessed valuation of real estate owned by such corporations is also deducted. These taxes are payable in semi-annual installments.

National bank deposits bearing more than 2 per cent interest are taxed 7/20 of 1 per cent. The tax is paid by the depositor or the bank may pay the tax and charge it to the depositor. See page 22.

Building and investment companies and agents for the same pay 1 per cent upon the aggregate amount of moneys received to be loaned without the state and upon the aggregate amount of bonds, mortgages, choses in action and securities negotiated, unless they return the name and address of the person for whom the investment was made, in which case the tax is assessed to him.

Also, a considerable list of minor exemptions, including—in addition to property exempted in Illinois, personal property held by residents but

owned and taxed in other states, etc.—the following: Money loaned to towns, etc., at not over 4 per cent; $500 in household furniture, wearing apparel, private and professional libraries, mechanics' and farmers' tools, money loaned at 5 per cent or less, evidenced by note or mortgage; one wagon, harness, etc., produce and provisions to a limited amount.

VIRGINIA

Richmond, Oct. 15, 1915.—Dear Sir: The Governor directs me to reply to your letter of October 9 and to advise you that the Constitution of Virginia, which was adopted in 1902 by vote of the Convention and which was not submitted to the people, does not prevent a classification of different kinds of property for purposes of taxation. At a special session of the General Assembly, held last winter, the tax laws of Virginia were revised and property was reclassified. I trust this answers your questions. ALEXANDER FORWARD, Secretary to the Governor.

Constitutional Provisions: Article XIII, Sec. 168. All property, except as hereinafter provided, shall be taxed; all taxes, whether state, local, or municipal, shall be uniform upon the same class of subjects within the territorial limits of the authority levying the tax, and shall be levied and collected under general laws.

Sec. 169. Except as hereinafter provided, all assessments of real estate and tangible personal property shall be at their fair market value, to be ascertained as prescribed by law. The General Assembly may allow a lower rate of taxation to be imposed for a period of years by a city or town upon land added to its corporate limits than is imposed on similar property within its limits at the time such land is added. Nothing in this Constitution shall prevent the General Assembly, after the first day of January, 1913, from segregating for the purposes of taxation the several kinds and classes of property, so as to specify and determine upon what subjects state taxes and upon what subjects local taxes may be levied.

WISCONSIN

Madison, Oct. 16, 1915.—Dear Sir: Your letter to Governor Phillip has been received and was delayed a few days owing to the pressure of work in the Governor's office. In answer to your several questions, the Wisconsin Constitution simply provides that: "The rules of taxation shall be uniform, and taxes shall be levied upon such property as the legislature shall prescribe." It further says that, "Taxes may also be imposed on incomes, privileges and occupations, which taxes may be graduated and progressive, and reasonable exemptions may be provided." This Sec. 1 of Art. VIII is an amended section which was adopted by the people in November, 1908. There does not seem to be any general demand among the people for changing the Constitution in such regard. CHARLES D. STEWART, Executive Clerk.

In 1911 Wisconsin substituted an income tax for the former general tax upon intangible personal property. As to the operation of the new tax—which is conceded to have some imperfections—in comparison with the old methods, the Wisconsin Tax Commission makes the following comment in its 1914 report:

When the income tax was introduced there was exempted from taxation moneys and credits, stocks and bonds not otherwise specially provided for, personal ornaments and jewelry habitually worn, household furniture, machinery, implements and tools used in farm, orchard and garden, and one watch carried by the owner. In addition the limitation of $200 on musical instruments and household furniture, the limitation of $50 on tools and of $50 on each watch carried by the owner were removed. These groups of personal taxation were relinquished. Two questions arise: Was the exemption wise? Did the income tax fill the gap left by these exemptions?

Speaking generally, these classes of property were so unequally and inequitably assessed, and the attempt to assess them caused so much trouble and expense relative to their yield, that the exemptions would have been warranted even though no substitute at all had been provided. * * * When they were assessed, excepting stocks, bonds

and securities, they usually covered a larger share of the taxable wealth of the poor than the rich. * * * The assessment of household property tended toward a uniform level for rich or poor, and the jewelry of the rich, together with intangible property in general, was seldom found.

The assessment of stocks, bonds, moneys and credits was particularly inequitable. A careful investigation of 473 estates some years ago showed taxable securities worth $2,266,105, which were assessed at only $74,995, or less than 3½ per cent of their true value. The tangible personal property in these estates—household furniture, pianos, carriages and the like—was inventoried at $148,309 and assessed at $80,390, or 54 per cent of its true value. The securities, therefore, were worth fifteen times as much as the tangible personality but were actually assessed for a smaller amount.

And the assessment of securities was almost unbelievably irregular. This is illustrated by * * * the per capita assessment of moneys and credits in 1910. * * * In Douglas County $100 worth of moneys and credits were assessed—less than 1 cent per capita; in Iron, Vilas, Florence, Oneida, Sawyer and Taylor counties no moneys and credits were assessed at all. In Kenosha County, on the other hand, the assessment amounted to $71.68 per capita. * * *

In Kenosha city the per capita average rose to $105.95, while in Pleasant Prairie town, within the same county, it was only 6 cents per capita; in Randall town, on the other hand, it amounted to $22.63 per capita. But even in this county the large assessment is explained principally by the assessment of a few large estates in the probate court—the property largely of widows and orphans, which could not be concealed. And when this class of property was found the tax burden upon it was unreasonably severe. * * * The average thousand-dollar bond yielded perhaps $50 interest a year. Twenty dollars of this would therefore be taken in taxes if the security was discovered, equivalent to an income tax of 40 per cent. No personal property tax imposing a burden as severe as this can be successfully administered.

The preceding facts make it reasonably plain that the personal property taxes in question were not worth keeping. * * * The income tax, however, more than filled the gap left by their abolition. Up to June 30, 1913, the cash collections under the income tax assessed in 1914 amounted to $1,631,413.38. On the other hand, careful estimates of what the personal property tax exempted would have yielded at the tax rates prevailing in 1912 were made, and the amount so lost or relinquished was found to be $703,589. In short, the income tax yielded the first year considerably more than twice as much in cash as the exempted personality would have yielded had it been subject to taxation.

VIEWS IN OTHER STATES

Expressions of opinion from States in which there exist constitutional restrictions against classification, follow:

CALIFORNIA

Sacramento, Oct. 29, 1915.—Dear Sir: Under date of September 29, you directed a communication to Governor Johnson, which has been turned over to this office for answer. I will answer the questions which you ask in the order in which they appear in your communication. First—Our Constitution provides for a separation of state and local taxation, the state getting its revenue from a tax on the gross receipts of public service corporations, on the capital stock of banks and on the premiums of insurance companies, the operative property of these corporations being relieved from local taxation. All other property is assessed under the

general property tax system for local taxes. An emergency provision allows the state to levy a general property tax on all of the property in the state when a deficiency exists in the revenues derived from the separate sources. The only latitude that the legislature has, so far as state taxation is concerned, is to change by a two-thirds vote the percentage rate levied against the several classes of corporations, banks and insurance companies, and in the assessment of the franchises of private corporations. Second—The existing revenue system has been in force since 1910. Third—The only classification of property is carried in the Constitution, the legislature having no power in that regard. There has been an agitation in favor of giving the legislature broader power in the matter of classification of property and determination of methods of taxation, which culminated at the 1915 session of the legislature in a constitutional amendment giving the legislature very broad powers in revenue and taxation matters. This amendment was passed with the idea in mind that a broad latitude could be given the legislature inasmuch as the power of referendum rested in the people, and on the advice of the Attorney-General during the legislature it was believed that any act passed by the legislature under the proposed constitutional amendment, outside of acts actually levying a tax for governmental purposes, would be subject to the referendum. I was personally much interested in the amendment at the time of its passage through the legislature, and our commission, which was created by the same legislature, endorsed the amendment and worked for it up to within a week of the special election at which such amendment was submitted on October 26. Several days before the election the Attorney-General publicly reversed his previous ruling on the amendment as to the power to invoke the referendum, his last opinion holding that no legislation under the amendment would be subject to referendum. This commission, because of this ruling, withdrew its support of the amendment, which was overwhelmingly rejected at the election as above noted. There were nine other constitutional amendements placed before the people at this election and none of them passed, with the possible exception of one, which is still in doubt. It is probable that the tax amendment would have been defeated along with the others even if the unfortunate occurrence had not taken place regarding the Attorney-General's action. This commission is very much in favor of more liberal provisions in the State Constitution regarding the power of the legislature to classify property, looking toward a more equitable distribution of the tax burden. We are convinced, from the experience of this state and what we gather has been the experience in others, that inflexible and restrictive provisions in the Constitution work more injustice than is done by purely legislative action, even though that action be at times dominated by special interests. As a matter of fact, the restrictive provisions in our own Constitution were placed there through the action of the legislature admittedly dominated at the time by the railroad and allied corporation interests of the state. It is so restricted that practically no adjustment of inequalities can be made under it. We will look with interest to the results in your state when you vote on your property classification amendment. I have noticed the amendment which is to be proposed to the people of Illinois, and while it is not as liberal a provision as that proposed in the amendment which was submitted in California, it is, I believe, a good step in the right direction, and I sincerely hope that you may be successful in adopting it as a part of your fundamental law. Very truly yours, C. S. SEAVEY, Chairman, State Tax Commission.

Mr. Wm. V. Cowan, Secretary of the State Tax Commission, in a letter before the vote on the amendment mentioned in the foregoing letter, wrote substantially as follows:

Our constitutional system has proven so unjust and inequitable that we have a proposed amendment to the Constitution, giving the legisla-

ture full power over taxation matters, which will come up to be voted upon at a special election the twenty-sixth of this month. We have little hope of its being adopted, however, because we have not had sufficient time to acquaint the people of the state of its value. They all realize the inequalities and injustice of the present system, but they have been so wedded all these past years to the idea that the Constitution should contain a definite system of taxation, and therefore cannot realize the importance of giving the legislature ample power. If the amendment does not carry this year, we shall undoubtedly submit a similar amendment two or three years hence. This present proposed amendment gives the legislature absolute power over taxation. * * * This commission is very much opposed to placing any definite tax scheme or system in the Constitution. It is a cumbersome way of handling a subject, which, of its very nature, should be changed and corrected from time to time in order to meet the changing social, industrial and economic conditions.

INDIANA

Indianapolis, Oct. 1, 1915.—Dear Sir: Your letter of the 29th addressed to the Governor was handed to us for consideration. The Constitution of the State of Indiana imposes the general property tax system and does not permit of classification. This is an amendment to the Constitution taking effect in 1851 and there has been no other change in the Constitution relating to taxation since then. There is a movement to broaden the powers of the legislature and if possible to change the Constitutional provision in order to permit a scientific and just system of taxation. The legislature of 1911 passed a constitutional amendment providing for a classification tax. This was defeated in 1913. Under our Constitution, an amendment to the Constitution must be passed by the legislature twice and then be submitted to the people for vote. As above stated, the legislature defeated this proposition at the last session. There was presented to the people in 1913 the question of calling a Constitutional Convention, which, while it carried a majority vote, was lost because it did not carry a majority of all the votes cast, many not voting on the question either for or against. STATE BOARD OF TAX COMMISSIONERS, by E. H. Wolcott.

KANSAS

Topeka, Oct. 15, 1915.—Dear Sir: Your letter of October 9 to the Governor of Kansas has been referred to this office for answer, and I am now directed by the tax commission to say with reference to your inquiries as follows: 1. The Constitution of Kansas does impose the "general property" tax system. (b) The classification of different kinds of property is not permitted by the Kansas Constitution in so far as tax levies are concerned. The legislature may classify as to methods of assessment, but not as to the amount levied. All property is subject to a uniform rate of levy. 2. The existing revenue provision has been a part of the Kansas Constitution since Kansas became a state, on Jan. 29, 1861. 3. There has not been a pronounced movement for an amendment designed to give broader powers to the legislature. The tax commission of the state has recommended to every legislative session since 1908 that an amendment of the kind be submitted to the people, and in 1913 such an amendment was submitted, the form of which and the result of the vote [defeating it] may be found in the Fourth Report of the commission to the legislature at page 35, a copy of which is sent you in a separate enclosure. As yet the present Governor has not officially taken a position upon the question, although in times past, and it may be said at all times, the Daily Capital, of which he is owner and publisher, has supported the amendment designed to permit classification. CLARENCE SMITH, Secretary.

VOTE: "YES." —NO VOTE COUNTS AS A VOTE "NO."

LOUISIANA

Baton Rouge, Oct. 8, 1915.—Dear Sir: In reply to your letter of the 1st instant, I beg leave to say that I have instructed my Secretary to prepare answers to the questions asked by you. Strenuous efforts have been made to get away from the general property tax plan in Louisiana. * * * * * * * * * * * * * * Powerful tax-dodgers and office-seeking politicians have been able to obstruct every effort to frame a sane and satisfactory system, so the state will probably continue to pound on the breakers. Whenever a change is proposed we meet the cry that an effort is being made to increase taxes. It affords the demagogue an excellent opportunity to practice deception. My experience, study and observation teach that the general property tax plan is the most inefficient, unfair and unjust that could be devised. Under it no state has been able to or can possibly meet the necessary demands of its own growth and development. The wealth of the state escapes its just share of taxation and the burden is shifted to the poor man and the man of moderate means. The states should, through centralized authority, retain efficient supervision and control at least over assessments for the purposes of state taxation. The legislatures should have the power to classify property and such other powers as will enable them to meet conditions as they may arise. There does not seem to be in this state any tendency towards giving the legislature enlarged powers in the matter of taxation. Much educational work will have to be done before we can hope to make any changes whatever in our system, or, rather, lack of system. L. E. HALL, Governor.

Baton Rouge, Oct. 8, 1915.—Dear Sir: The State of Louisiana has the "general property" tax system. There is no classification. The powers of the General Assembly, in so far as they affect the system or any classification of property, are at the irreducible minimum. The General Assembly controls the license taxes and that is about all. The present system was readopted by ordinance in the Constitution of 1898. It had existed for many years previous to that. In fact, the system has remained substantially the same since the Civil War, and was probably so before that. A proposed amendment to the Constitution embodying a system of which the salient feature was the segregation of state and local sources of revenue was proposed and defeated in 1912. The "underlying reasons" were the opposition of the tax-dodgers and their political allies, the use of a secret slush fund raised by the railroads and lack of general education on the subject. The Governor considers the classification of property an essential of a just and equitable system. G. E. MOISE, Assistant Secretary.

MAINE

Augusta, Oct. 16, 1915.—Dear Sir: Your letter of September 30, addressed to Governor Curtis, has been handed me for reply. Our State Constitution imposes upon the state the general property tax system and does not permit classification of different kinds of property, excepting in one respect. By an amendment adopted in 1914 intangible personal property may be taxed at an arbitrary rate. So far, no legislation has been enacted under this amendment. There is no very strong public sentiment in Maine at present for any form of tax reform. Our discussion of public questions are largely confined to arguing with regard to the merits and demerits of state-wide prohibition and whether the prohibitory law is properly enforced or not. Most other public questions have possessed only academic interest to the people of Maine for the past fifteen or twenty years. Personally I am now and have been for a

long time strongly in favor of a Constitutional Amendment permitting classification of different kinds of property so that an equitable tax system might be worked out in place of the peculiarly awkward and unjust system imposed upon us by the terms of our Constitution. But I do not expect to see any change in that respect in Maine for many years. W. R. PATTANGALL, Attorney-General.

NEBRASKA

No reply has been received from Nebraska. Sec. 1 of Art. IX, Revenue, of the Nebraska State Constitution, however, is almost verbatim of Sec. 1 of Art. IX, Revenue, of the Illinois State Constitution, which imposes the general property tax.

The bulletin, 1914, on Taxation and Revenue Systems of State and Local Governments, published by the U. S. Department of Commerce, Bureau of the Census, gives this information:

Nebraska draws its revenue mainly from the general property tax. Corporations pay an occupation tax based on their capital stock in addition to the property tax. Foreign insurance companies pay a special state tax. Considerable revenue is derived from fees and an inheritance tax. Poll taxes and practically all the business taxes and licenses are left to the counties and municipalities. All license moneys, fines, forfeitures and penalties, escheats and individual witness fees go to the schools.

In the absence of a direct response to our questionaire, we quote from the report of the Nebraska Special Tax Commission, appointed by Governor John H. Morehead, pursuant to legislative Act of 1913, to study defects of the Nebraska system, methods used in other states, etc. On page 8 that report reads:

Defects of the Tax Law.—The chief defects of the present law grow out of the attempt to raise nearly all the public revenues from a tax on all property according to its value. The law disregards all differences in the economic character of property, by treating all the citizens' possessions as equally indicative of his ability to support the government. The law fails to recognize the fact that many professions and businesses which yield a large income require little or no property, thus permitting many to escape their fair share of the tax burden.

It fails to take account of the great growth of corporate wealth by providing the means of reaching such wealth adequately once, and but once.

NEVADA

Carson City, Oct. 11, 1915.—Dear Sir: Replying to your letter of the 30th ultimo, I will say: First—Our State Constitution provides the "uniform rule of assessment and taxation," excepting only operating mines, the net proceeds alone of which are taxed, and unworked patented claims, which are taxed on a minimum basis of $500. Second—The original Constitution was amended in 1906 to provide for the tax on unworked patented mines, but has not been changed otherwise in so far as it pertains to taxation. Third—I introduced a resolution in the last session of the legislature providing for the amendment of Article X to permit of a classified assessment, but the measure was decisively beaten. Fourth —There has been no amendment calling for general classification sub-

mitted to the people in Nevada. I am heartily in favor of giving the state legislature the right to classify property for assessment. The general property tax applied under the uniform rule of assessment is unscientific and unjust and I hope to see Nevada take the first steps in rejecting it at the next session of the legislature. EMMET D. BOYLE, Governor.

NEW HAMPSHIRE

Concord, Oct. 15, 1915.—Dear Sir: In reply to your letters of inquiry of September 30 and October 9, the revenue provision in our State Constitution has retained its original form from the first adoption of the Constitution in 1783. It requires "proportional and reasonable assessments, rates and taxes," and the courts have held that this does not permit classification of property for the purposes of such taxation. Personally, I am heartily in favor of such classification and I think that a large majority of the people of the state have a similar feeling. In 1912 the people were asked: "Do you approve of empowering the legislature to specially assess, rate and tax growing wood and timber and money at interest?" The vote was: Yes, 23,108; No, 12,636; and as a two-thirds vote is required for the adoption of an amendment to the Constitution the proposition failed. ROLLAND H. SPAULDING, Governor.

NEW JERSEY

Trenton, Oct. 6, 1915.—Dear Sir: Governor Fiedler directs me to reply to yours of the 30th ult. The amendment of 1875 to the State Constitution provides that "Property shall be assessed for taxes under general laws and by uniform rules, according to its true value." (Art. IV, Sec. 7, Par. 12.) This is the first limitation of the taxing power to be found in the organic law of New Jersey, and prohibits all special or local legislation on this subject. There has been no amendment to the Constitution relative to taxation since the provision above set forth, nor has there been any movement in favor of changing the present Constitutional requirements in this respect. We have the general property tax in this state, but there are also certain classifications, such, for instance, as stock in national or state banks, which is separately assessed under Chapter 90, Laws of 1914, and property used for railroad and canal purposes, which is separately assessed by the State Board of Taxes and Assessments, formerly the State Board of Assessors. SECRETARY TO THE GOVERNOR.

Trenton, Nov. 23, 1915.—Dear Sir: I have your letter of the 7th of November, enclosing a copy of a proposed amendment of the Constitution of Illinois to be voted upon in 1916, which is designed to permit a classification of personal property for taxation, and asking for an expression of my views thereon. The provision of the Constitution of New Jersey with respect to taxation reads, "Property shall be assessed for taxes under general laws, and by uniform rules, according to its true value." We thus have the system of the general property tax in New Jersey. Under our constitutional property tax, however, attempts at classification have been made and sustained by the courts. * * * It will be generally conceded by those who have had practical experience with the administration of taxing systems that classification is absolutely essential to a proper assessment of personal property. I personally regard it as one of the most important steps that can be taken in the direction of an equitable distribution of the tax burden. The Board of Equalization of Taxes of New Jersey, which was the predecessor of the present State Board of Taxes and Assessment, strongly recommended in its report for 1911 that intangible personal property be classified for the purposes of taxation, and that specific rates be applied to the several classes. I am sure the people of Illinois will ratify the proposed amendment to their Constitution, if they once grasp its real significance. Very truly

yours, FRANK B, JESS, Member State Board of Taxes and Assessments; President Former Board of Equalization of Taxes of New Jersey.

SOUTH CAROLINA

[Answers Interpolated in Capitals]

Oct. 9, 1915.—Hon. R. I. Manning, Governor, Columbia, S. C.—Dear Sir: On September 30 we wrote respectfully asking for answers to the following questions: Does your State Constitution impose the "general property" tax system? YES. Or does it permit of classification of different kinds of property? NO. Does it give your legislature broad powers in enactments affecting taxation? NO. How long has the existing revenue provision been embodied in your Constitution? 1868. If the Constitution does not permit classification, is there a pronounced movement for an amendment thereto designed to give broader powers to the legislature in this direction? SOUTH CAROLINA TAX COMMISSION WILL NAME RECOMMENDATIONS AT NEXT SESSION OF GENERAL ASSEMBLY. Has any such amendment been voted on by the people, or suggested in recent years? NO. What was its scope? Was it rejected or adopted, and if rejected, what appeared to be the underlying reason for such rejection? Do you favor giving the legislature broad powers as to classification or non-classification of property? YES. CLASSIFICATION OF PROPERTY. [Signed by the Governor's Secretary.]

SOUTH DAKOTA

Pierre, Oct. 2, 1915.—Dear Sir: Your communication of the 30th ult., addressed to Governor Byrne, has been referred to this office for reply. The present Constitution of this state does impose the "general property" tax system. The "equality" provisions are strict, and in some cases very specific. Under separate cover we hand you pamphlet containing an annotated copy of the Constitution, issued two years ago. You will be able to follow the sections through the maze of annotations by carefully watching the section sign (§). This Constitution is in most particulars the same as originally adopted in 1889. At the general election of 1912 an amendment was adopted, changing Sec. 2, Art. XI, in such a manner that it was hoped would allow the State Equalization Board to determine the valuation of express companies in a satisfactory amount. No other radical changes have been made in the revenue provisions since adoption. An amendment was proposed by the legislature of 1909 which its advocates contended would give the legislature the right to meet popular demands for reformation of taxation laws. Sec. 4 of the proposed article granted power to enact legislation classifying inheritances and levying graduated or progressive taxes thereon. Sec. 5 read: "The legislature shall classify incomes in respect to the recipients thereof, and provide for a graduated or progressive tax thereon with such exemptions as it may prescribe." However, the amendment went down in a general "Vote No" campaign, along with other amendments proposed. You will find the proposed amendment on page 287, Sessions Laws of 1909. The views of this Commission on the desirability of repealing the present restrictive provisions, and substituting therefor some simpler, saner and sounder plan of assessment and taxation, are to be found in the copy of our First Biennial Report, which goes forward to you under separate cover. The enclosed Joint Resolution was adopted by the last legislature, in the amended form indicated, by a good majority without serious opposition in any quarter, and it is hoped by all those really interested in our problems that it will be adopted at the General Election of 1916. C. M. HENRY, Tax Commissioner.

An amendment to Article XI of the State Constitution of South Dakota has been submitted by the Legislative Assembly and will be voted upon in November, 1916. The sections of the revised article

which will abolish the general property tax and permit classification, if the amendment is ratified by the voters, are as follows:

Article XI, Revenue and Finance, Sec. 1. The legislature shall provide for an annual tax sufficient to defray the estimated ordinary expenses of the state for each year, not to exceed in any one year an average of two mills on the total assessed valuation of all taxable property in the state, to be ascertained by the last assessment made for state and county purposes.

Sec. 2. Taxes shall be levied and collected for public purposes only and shall be uniform upon all property of the same class, and all taxes shall be levied and collected by general law. The legislature shall have power to divide property into classes and to determine what class or classes of property shall be subject to taxation. Taxes may be imposed on incomes, privileges, and occupations, which taxes may be graduated and progressive, and reasonable exemptions may be provided; franchises and licenses to do business in the state, gross earnings and net income may be considered in taxing persons, firms, joint stock companies, associations, co-partnerships, or corporations. * * *

Sec. 8. The legislature may vest the corporate authority of cities, towns, and villages with power to make local improvements by special taxation of contiguous property or otherwise. For all corporate purposes all municipal corporations may be vested with authority to assess and collect taxes; but such tax shall be uniform on the same class of subjects. * * *

UTAH

Salt Lake City, Oct. 15, 1915.—Dear Sir: Your favor of September 30 to Governor Spry of Utah, making inquiry as to certain tax conditions and laws in this state, has been forwarded to this office for reply. Answering your first question, I have to say that our State Constitution does impose a general property tax, and does not permit classification of the subjects of taxation. We think our Constitution is very restrictive in its provisions relative to taxation; in fact, it is typical of all the State Constitutions of the western states. Question No. 2—The present revenue provisions of our State Constitution are practically the same as when the state was admitted in 1896. Question No. 3—There has been some effort to secure classification of property for purposes of taxation, although so far such effort seems to be confined largely to taxing officials. In 1911 the legislature adopted a resolution submitting to the electors the proposition to provide for classification, but the resolution was defeated at the election in the fall of 1912 and the proposition failed. A resolution providing for classification was again adopted by the legislature of 1915 and will be voted upon in 1916. Question No. 4—The resolution gave broader powers to the legislature; in fact, permitted it to make any classification it saw fit, also to make exemptions without limit. Question No. 5—The defeat of the resolution in 1913 is believed to be due to the fact that the people did not understand its purpose, also to their dislike of voting something that they did not know the results of. And, further, there were other amendments proposed at the same time that were objectionable to certain interests, and they took the attitude that the amendments as a whole meant additional taxation (which was not true), thus bringing about the defeat of all the amendments. Answering your request for an expression of opinion as to the desirability of permission or inhibition of classification, while I do not presume to speak for the Governor, I may say that the people of this state, as, I presume, is the case in all other states, have varying views on the subject, varying all the way from the single tax to the taxation of all property regardless of its ownership or conditions, yet the principal idea or desire of the advocates of classification so far has been the wish to permit the taxation of money and solvent credits—in fact, all intangible personal property—at a lower rate than is levied against tangible, visible property generally. At present, although our Constitution and law require the assessment of all property, this intangible personal property escapes almost entirely, the exception being, of course, an injustice to the taxpayer so assessed, and the purpose of the proponents of the pending Constitutional Amendment seek to give authority to the legislature to impose either a lower rate against this class of property, thereby inviting it to come out of its hiding place, or to exempt it entirely. Personally, I

am of the opinion that the levying of a lower rate against this property will not reach the end desired, that is, not of itself, although it might be possible, through renewed and extra effort on the part of taxing officials under the new plan, to get much more property of this kind on the tax rolls. And if such should prove to be the case, then I would be in favor of exempting this class of property entirely.—HARDEN BENNION, Secretary, State Board of Equalization.

Salt Lake City, Oct. 23, 1915.—Dear Sir: This is to acknowledge receipt of your favor of the 18th and the enclosed bulletins, for which I thank you. I am pleased to note the very flattering prospects of success for the efforts of the friends of tax reform in Illinois. A very learned friend of mine said to me recently that the makers of the Constitution of our state apparently thought that all wisdom would perish with them, hence wrote into it so much legislation on the subject of taxation that the legislature is very much handicapped in its efforts to accomplish the very necessary reforms of to-day. I trust the proposed amendment to yours will prevail. On the point upon which I failed to make myself clear in my former letter, I now wish to say that I certainly believe that the legisature should have power to classify property for the purposes of taxation and that a lower rate should be applied to intangible personal property than is charged against real estate and tangible property; this as a matter of economic justice and as a means of securing the listing of this class of property for taxation, it being very certain that a high rate of taxation upon property that can be so readily concealed, is conducive to its being hidden from the assessor. As an alternative method of taxation of this class of property I am in favor of stamp taxes or mortgage recording fees sufficient to make this class of property pay some part, at least, of the expenses of government; and finally, as a third alternative, I would rather see this class of property exempted entirely by law, than to see, as we often do here, the estates of widows and orphans, or rather the property coming to them through the estates of others, taxed at full value, being a matter of record through court proceedings, and at very high rates, as high sometimes as six per cent, while all other property of this class escapes entirely. HARDEN BENNION, Secretary.

WYOMING

Cheyenne, Nov. 8, 1915.—Dear Sir: I have been absent from Cheyenne for some time, and on my return find yours of October 25. In reply to same, I am sorry to have to say that Sec. 11 of Art. 15 of our state Constitution is generally construed as prohibiting our state legislature from classifying property for the purpose of taxation. Our Constitution will have to be amended before property can be classified, and the question has never been submitted to the people for their action. I believe it would be a great improvement if our legislature had the power to, and would, classify property for taxation purposes. Trusting this may give you the information desired, I am, JOHN McGILL, Commissioner of Taxation.

Replies received from Alabama, Mississippi, Missouri, Montana, North Carolina, Ohio, Oregon, Tennessee and Texas, give the information that the Constitutions of these states impose the general property tax, and that in North Carolina, Ohio, Oregon and Tennessee, some effort has been made toward making a change. As these letters throw no important light on the situation, they are omitted. They are on file in the office of the Federation.

It has been impossible to elicit replies from Arkansas, Idaho, Washington and West Virginia.

Of all the replies received from general property tax states, that of Governor Trammell of Florida alone expresses a preference for the old system.

PART III—GENERAL EXPERT OPINION

LETTERS

The following responses to requests for comment on the pending Revenue Amendment to the Illinois Constitution have been received by the Civic Federation from tax authorities and experts of national reputation:

Northwestern University, Chicago, Nov. 17, 1915.—My Dear Sir: I am in favor of the Proposed Amendment relating to personal property tax. The present situation is immoral, unjust and ineffective. It is immoral because by its excessive demands it leads to a very general attempt to escape the requirements of the law. It is extortionate, for it calls for a tax in some cases equivalent to an income tax of 25 per cent or more, and it is uneven in its distribution, throwing undue weight upon those whose income is derived from personal property. It is ineffective because it yields much less than a more moderate and more scientific system would produce. A. W. HARRIS, President. To Mr. Joseph E. Otis, President The Civic Federation.

University of Illinois, President's Office, Urbana-Champaign, Nov. 23, 1915.—Joseph E. Otis, Esq., Civic Federation of Chicago, Chicago. My Dear Mr. Otis: In answer to your letter of November 16 asking my opinion about the pending amendment of the Revenue Article of the Illinois Constitution, I may say that I have already expressed my opinion that it is desirable to adopt such an amendment in the report of the Illinois Tax Commission, of which I was a member. Faithfully yours, EDMUND J. JAMES.

Illinois State Normal University, Normal, Ill., Jan. 4, 1916.—Dear Sir: I hartily approve of the Pending Amendment to the Constitution. It is not by any means as comprehensiv an Amendment to our State Constitution as we ought to hav, nor wil it produce a thorogoing reform in taxation, but our taxing system in Illinois is so intolerably bad that almost any change is an improvement. Cordially yours, DAVID FELMLEY.

The University of Chicago, Office of the President, Chicago, Nov. 20, 1915.—Dear Sir: Your favor of the 16th inst. with enclosure is received. The suggested amendment is in the direction of reform of a very bad situation, and I should hope that it might be adopted. I regret that it did not go very much farther, but suppose that this is all that could be done at the time. Very truly yours, HARRY PRATT JUDSON. To Mr. Joseph E. Otis, the Civic Federation.

[From Mr. Foote, Founder and First President of the National Tax Association.]

Columbus, O., July 24, 1915.—Douglas Sutherland, Secretary The Civic Federation, Chicago, Ill.—My Dear Sir: I wish to commend the well-devised Taxation Constitutional Amendment submitted to the people for adoption. A well-defined movement has been developed in many states to secure amendments to their respective constitutions, enabling legislatures to exercise broader powers in dealing with taxation problems. All of these proposals, like your own, are designed to secure liberty of action through permitting freedom in the classifica-

tion of the subjects of taxation in conformity with their economic characteristics. Several states have always enjoyed this freedom of action, and several others have acquired it through amending their Constitutions. While the whole trend of development throughout the country is toward greater freedom, in no state has a demand arisen to restrict the freedom allowed. In my judgment, the adoption of the Proposed Amendment is absolutely necessary to enable the legislature of your state to enact laws revising the taxation system now in force in a way that will remedy its defects and place your state in a position to finance its public affairs, state and local, in a way that will be both helpful and satisfactory to its citizens. For the good of your state, I sincerely hope every elector will vote "yes" on this Proposed Amendment at the next election. Sincerely yours, ALLEN R. FOOTE.

[From Prof. Seligman, President National Tax Association, 1914-15.]

Columbia University, in the City of New York, Faculty of Political Science.—Mr. Douglas Sutherland, Secretary The Civic Federation, 804 The Temple, Chicago. Dear Sir: In reply to your letter of July 22, and addressed to me as president of the National Tax Association, I would say that I am replying not in my official capacity, but only as an individual. It goes without saying that I am in favor of anything which will free us from the continuance of the general property tax as it is levied in Illinois, as well as in many other states. As I have repeatedly stated, the general property tax is an anachronism. It is a survival of an earlier economic stage. It is impossible of success under modern conditions, and it has been abandoned by every great industrial country except the United States. An amendment to the Constitution which will permit of the classification of personal property will be a decided step in advance, in the direction of greater justice in taxation. If you are prepared for the still further step to which I refer in my presidential address this year for the National Tax Association—that is, for permission to substitute income for property as the basis of taxation—it would be still better. But anything that will free us from the absurd and inequitable general property tax is to be welcomed. Faithfully yours, EDWIN R. SELIGMAN.

[From Samuel T. Howe, Former Vice-President, Now President, National Tax Association.]

Topeka, Kan., July 26, 1915.—Mr. Douglas Sutherland, Secretary The Civic Federation, Chicago, Ill. Dear Sir: In response to your letter of the 22nd inst., I have to say that I am decidedly in favor of the classification of property for purposes of taxation. One need think only for a moment of the varying economic characteristics of property to reach this conclusion, and the careful observer is forced to conclude that this is a fundamental proposition in taxation if it be desired to distribute the burden in a relatively equal manner among property owners. An open-minded person will see at once that the share of stock issued by a bank which pays the owner a 24 per cent dividend is much more valuable than the share that pays only a 6 per cent dividend, and that the owner of the former may be justly charged a larger rate than the owner of the share paying the smaller dividend. Again, a demand upon the owner of either of the shares would evidently be more justifiable than one upon the owner of household furniture, which property is unproductive and deteriorates constantly with use and is really confiscated by taxation. Innumerable instances of the lack of economic harmony among the classes of property might be given, but the above are sufficient. *Inclosed is a copy of some matter put forth last year by the Commission of Kansas upon the subject. This circular was the only effort made to enlighten the public upon the question pending. The Commission was without means to make a campaign and did not have the time. It is believed

that if the matter were now submitted it would carry. Yours truly, SAM'L T. HOWE.

*See letter from Secretary to the Governor of Kansas, page 44.

[From Prof. Adams, Now Professor of Economics, Cornell University, Formerly Tax Commissioner Wisconsin.]

National Tax Association, Madison, Wis., July 24, 1915.—Douglas Sutherland, Secretary The Civic Federation of Chicago, Chicago. Dear Sir: I have read the amendment to the Revenue Article of the Constitution of Illinois, to be submitted to the voters of that state at the next general election. An outsider can seldom speak with entire confidence concerning the tax system of another state; but in this case the questions involved are so general that I have no hesitancy in expressing the opinion that the adoption of this Constitutional Amendment would result in a material improvement of the tax system of Illinois. At least nine-tenths of the men who have administered tax laws, or who have given serious study to the operation of tax laws, agree that the same rate of taxation ought not, and in practice cannot, be applied to real estate and all forms of personal property. The ordinary rate of taxation, if imposed upon securities, would take from 25 to 50 per cent of the income derived from such securities. Universal experience shows that a tax so extortionate cannot be collected. There is real necessity, therefore, for different treatment of securities and tangible personal property. Experience, moreover, in other states shows that if the legislature is permitted to impose a different and more reasonable rate on securities a larger amount of tax revenue can in practice be derived from that source. The Proposed Constitutional Amendment is not radical in any sense; it permits no departure from old practice that is not thoroughly endorsed by American experience and authorities; it moves in the right direction without moving fast enough to alarm conservative minds who believe in making progress slowly and surely; it can harm no interest but may greatly benefit everyone concerned. It should have, in my opinion, the earnest support of all interests in the state. Yours very truly, T. S. ADAMS, Secretary.

[From Mr. Purdy, Prest. Dept. of Taxes and Assessments, N. Y. City.]

July 9, 1913.—My Dear Mr. Sutherland: I received your note of the 22d, enclosing the amendment to the Revenue Article of the Illinois Constitution permitting the classification of personal property. I sincerely hope you may succeed in obtaining for this amendment the approval of the people. I am somewhat familiar with the distressing conditions, especially in Chicago, produced by the present constitutional requirement that all property shall be assessed and taxed in the same manner at its full value. I am sorry that it has been impracticable to amend the Constitution by the omission of the words which restrict the power of the legislature in the matter of taxation, but welcome any removal of restrictions. It has long been evident to practically all students of the subject that the attempt to tax personal property in proportion to its value in the same manner as real estate is impracticable, unequal and unjust. It is clear that such a law cannot be enforced, and the attempt to enforce it is detrimental to the interests of all the people. If the Constitution of Illinois is amended as proposed the condition cannot be worse than at present, and I believe is certain in the near future to be better; meantime, the educational effect upon the people of the discussion of taxation which will follow will be of great value to the state. Yours very truly, LAWSON PURDY.

[From Prof. Chas. J. Bullock, Vice-President, National Tax Association.]

Harvard University, Department of Economics, Cambridge, Mass., Nov. 12, 1915.—Dear Sir: I have received the copy of the taxation

amendment which will be voted upon in Illinois next year, and am glad to give it my hearty endorsement. It will give to the legislature the constitutional power to make needed changes in the tax laws of Illinois. * * * We have just adopted in Massachusetts an amendment authorizing the imposition of an income tax and the exemption from taxation of property taxed upon its income. We were able to enlist in behalf of this the Massachusetts Federation of Labor, leaders of the Grange and other similar organizations. Very truly yours, CHARLES J. BULLOCK. To Mr. Douglas Sutherland.

OTHER FACTS AND OPINIONS

The following is from an opinion delivered by the United States Supreme Court, as indicated by the reference cited:

[142 U. S., Justice Lamar, Pac. Express Co. vs. Seibert, p. 351-352.]

This court has repeatedly laid down the doctrine that diversity of taxation, both with respect to the amount imposed and the various species of property selected, either for bearing its burdens or for being exempt from them, is not inconsistent with a perfect uniformity and equality of taxation in the proper sense of these terms; and that a system which imposes the same tax upon every species of property, irrespective of its nature or condition or class, will be destructive of the principle of uniformity and equality in taxation and of a just adaptation of property to its burdens.

The following resolution was adopted at the ninth annual conference of the National Tax Association, held in San Francisco, Cal., Aug. 8-14, 1915, in response to requests from delegates of states in which classification tax amendments were pending:

Whereas, The greatest inequalities have arisen from laws designed to tax all the widely differing classes of property in the same way and such laws have been ineffective in the production of revenue, and,

Whereas, The appropriate taxation of various forms of property is rendered impossible by the restrictions upon the taxing power contained in the constitution of many of the states,

—Resolved, That all state constitutions requiring the same taxation of all property or otherwise imposing restraints upon the reasonable classification of property, should be amended by the repeal of such restrictive provisions.

Extracts from an address before the National Tax Association, 1914, by W. Hastings Lyon, counsel of committees, Investment Bankers' Association of America, New York:

Summary of Conclusions: This report advocates the taxation of all intangibles, stocks, bonds, mortgages, notes, on the same basis, and calls attention to the present discrepancies in treatment. But it expresses the opinion that a state should entirely exempt its own state and municipal bonds from taxation. It advocates that the taxation be at a low fixed rate, or at a rate placed at a low fixed proportion of the general tax on wealth. It advocates a tax that should not be exclusively a state tax, but one that would give the local community its share. It advances the opinion that the rate under present circumstances ought not be in excess of 1.5 or 2 mills per annum, i. e., $1.50 or $2 on a security of the market value of $1,000.

I would personally advocate the taxation of securities at a low annual rate, the tax to be a source of local and not exclusively a source of state revenue. Just what the rate of tax ought to be cannot be a matter of a scientifically

precise ascertainment. Probably the actual justification of a tax on representatives, which has no equivalent in the case of directly owned property, would not cover a tax much higher than that imposed in New York. The demand for this taxation against the security holder, who otherwise would not pay taxes in the community in which he lives, is pretty insistent. Expediency would make security owners welcome a higher tax than principle would justify. It may be that people will sometime come to the conclusion that some taxes ought to be paid in the community of residence on account of directly owned property, as well as on account of representatives. Such a tax, equal to the tax on intangibles, would even matters up.

Let us bring together for comparison the various rates computed on an annual basis imposed on intangibles in the several endeavors to get away from the general property tax:

Connecticut:			
Optional statute, equivalent to	4	mills	annually
Iowa	5	"	"
Maryland:			
3 mills local and, say, the maximum of 1.5 mills state	4.5	"	"
Minnesota:			
Securities	3	"	"
Mortgages	0.3	"	"
Michigan:			
Mortgage securities (based on a 25-year bond), say	0.2	"	"
Mortgages (based on a three-year mortgage), say	1.66	"	"
New York:			
*Securities (based on a 25-year bond), say	0.2	"	"
Mortgages (based on a three-year mortgage), say	1.66	"	"
Pennsylvania	4	"	"
Rhode Island	4	"	"
Wisconsin:			
(Capitalizing the income tax on a 5 per cent basis)	0.5 to 3	"	"

*May, 1915, tax rate was changed from 50 cents per $100 for the life of the security to 75 cents for a five-year period. This would be equivalent to 1.5 mills annually.

At the meeting of the National Tax Association, 1914, Mr. William A. Robinson, of Louisville, Ky., explained the tax reform situation in Kentucky. It appears that the tax system of Kentucky was based upon the general property tax plan similar to that in operation in all of the states in earlier times. An effort was made to change the method by minor alterations in the system of taxation, but these were found to be confusing rather than effective of any general beneficial results. Finally it was decided to secure a change in the Constitution which would permit better things by statute. In 1912 the legislature, by a large majority in both houses, passed an act submitting to the vote of the people an amendment permitting the legislature to make necessary changes. The people voted for the amendment, but the courts decided that its adoption was invalidated by reason of the fact that the necessary ninety days' notice of the election, at which it was voted for, had not been given. The legislature of 1914, by a large majority of both houses, ordered resubmission of the amendment, November, 1915. In his address before the National Tax Association, Mr. Robinson pointed out adverse conditions which exist in Kentucky which he ascribed to a bad tax system. He said:

We believe that it is clear now to the people of Kentucky that this general property tax system with us, as always and everywhere, has proved a failure, illusive and delusive, at this period of wider interests and broader fields of development. The result presents evidence clear and unmistakable in Kentucky. Please note:

Population.—Growth in last decade (U. S. Census), 6.6 per cent, as against 15 per cent the previous decade. The state has dropped from her rank at one time as the 11th to the 14th—40 of the 120 counties had an actual loss.

Capital.—Utterly insufficient for progress, about sixty million dollars' banking capital.

Factories.—Small increase only, present annual production about 200 million dollars, nearly half in one county; consequent lack of employment profitable for holding some of our best young manhood; for illustration, the state grows one-third of all tobacco in United States, yet we are third in manufacture.

Agriculture.—One-third of area (eight million acres) unimproved lands of this great agricultural state. Because of restriction to growth of industries by onerous tax thereon, by expelling and repelling capital working capital, for the same reason, the burden of taxation fastens itself more and more on the farmer, our agricultural property, which must stay and which cannot be concealed. It is bound to be taxed.

Intangible Personalty.—Very small returns. It has either left the state or avoids the assessor, because, practically, the tax is confiscatory of a large proportion of income.

In concluding, Mr. Robinson said:

The final summing up of the whole matter is an inadequate revenue, only about seven million dollars annually, with a total property assessment of only about 850 millions, real and personal property. Our Constitutional Amendment pending authorizes (not mandatory):

First—The classification of property by the legislature—all property of the same class to pay the same rate.

Second—The segregation of property (when the proper time arrives), so that revenue from certain kinds may be set apart for state purposes —and other for local purposes—to the end that eventually no one kind of property may be taxed more than once, when now all is taxed at least twice, and in cities at least thrice.

Third—Public Bonds—State, county or city, issued for schools or public improvement, as not to be taxed. They never should be. Imagine the United States government taxing its own bonds!

When this amendment is adopted, and revenue adjusted thereunder, you may look for a good account from Kentucky.

Note.—Amendment adopted by the voters November 2, 1915.

"Tax Legislation Enacted and Constitutional Amendments Pending During 1914." Mr. M. Markham Flannery, before the National Tax Association, 1914, discussed the subject of the taxation of securities. The following is from his address, page 46 of the National Tax Association's proceedings of 1914:

Securities: Low Uniform Rate.—The taxation of securities has received much consideration during the present year in Maryland, New York and Massachusetts.

The Maryland law which provided for the taxation of corporate credits and dividend-paying shares of foreign corporations at a fixed local rate of 30 cents, plus the annual state rate applicable to property in general, was this year amended so that the entire rate cannot now exceed 45 cents. In 1896, when this system was first adopted in Maryland, the constitutionality of levying a fixed rate for state purposes was seriously questioned, but subsequently judicial interpretation justified the levying of a fixed rate in lieu of the regular state rate, which rate since 1896 has increased from less than 18 cents to 31 cents. In addition to the element of uncertainty, it is plain that the aggregate rate, 61 cents in 1914, with prospects of increasing in future years, was too high to obtain the best results. Another weighty consideration, with respect to this change, was the method of treating intangibles in the jurisdictions immediately surrounding Maryland. Thus in both the District of Columbia and in Delaware such securities are entirely exempt from taxation. In Penn-

sylvania they are taxed at a uniform rate of 40 cents, and in Virginia a rate of 20 cents was this year applied on bank deposits, and there are indications that Virginia may extend the classification method to other classes of property. In Maryland, county, town and city obligations have also this year been exempted from all taxation. [Note.—Rate changed in 1915. See Maryland in "Classification in Other States."]

Secured Debts Tax.—An act similar in some respects to the secured debts tax law in New York was passed in Massachusetts.

The Massachusetts act provides for the registration of bonds secured by tangible property within or without the state, provided such property was actually taxed during the preceding year. Upon the payment of a fee of 30 cents for each $100 face value, such bonds are certified as tax-free for a period of one year. One-half of the revenue from this source is for state and the other half for local purposes.

In its administrative and optional features it resembles the New York law, but it is essentially different in other important particulars. Thus, unlike the New York law, it is limited to a specific kind of secured debts, while the New York law applies to secured and certain kinds of unsecured debts. In effect it resembles an annual flat tax rate rather than a commutation of taxes secured by the payment of a nominal fee, because registration in Massachusetts must be renewed and the fee must be paid each year in order to secure annual exemption of the bonds.

The Massachusetts law, however, may be repugnant to the State Constitution, which requires that all property shall be proportionately taxed, while the New York law is not endangered by constitutional restrictions. [Note.—See recent changes in "Classification in Other States."]

The question of repealing or amending the New York secured-debts law was given much consideration during the last legislative session. Bills for both purposes were introduced, but failed of passage. Among the amendments proposed was one intended to substitute an annual rate for the registration fee, which, when paid once, exempted securities forever. [See note Hastings Lyons' paper preceding.]

Mortgage-Recording Tax.—A bill intended to change some features of New York's mortgage-recording law was introduced at the instance of the State Board of Tax Commissioners, the apparent intention being to clarify the original law, which has proven very difficult of administration, and to secure some method of apportionment of taxes between taxing districts, especially with respect to mortgages which were affected by prior incumbrances. It also provided for recording mortgages covering property located both within and without the state, with an optional clause to permit the payment of the fee upon the entire amount of such mortgage. This, in effect, was perhaps an extension of the secured-debts law theory, and was evidently so understood by the Governor, who, in his veto message, expressed opposition to the bill on the ground that the proceeds would necessarily have to be apportioned to the localities, whereas, his desire was to safeguard the revenue of the state.

Hon. Eben H. Wolcott, tax commissioner of Indiana, in an address before the ninth annual conference of the National Tax Association, San Francisco, Cal., Aug. 13, 1915, said:

The almost universal condemnation of the general property tax is due to the fact that it cannot be successfully applied, being a uniform and equal tax upon all property alike without regard to "ability to pay" or "benefits derived." Being familiar with the conditions in Indiana, my own state, and believing that I can properly conclude that any state laboring under the same laws relating to taxation as our own is similarly affected, I shall use some local illustrations. In 1851 the Constitution of Indiana was amended and that part relating to taxation reads as follows:

"The General Assembly shall provide by law for a uniform and equal rate of assessment and taxation, and shall prescribe such regulations as

shall secure a just valuation for taxation of all property, both real and personal, excepting such only for municipal, educational, literary, scientific, religious or charitable purposes as may be especially exempted by law."

This is the basis of the system known as the general property tax. For many years it seemed satisfactory owing to the visible forms of property in existence and the small needs and moderate demands of the state and local communities upon the public purse. But the imperfect enforcement of the law even as it was by local taxing officers, and loss of needed revenues, as the years advanced and the state developed, caused the passage of a law creating the State Tax Commission and the County Assessor in 1891, and a clearly defined method of taxation whereby all property, both real and personal, was to be assessed at its true cash value. This has never been done; in fact, it has never been possible, with the machinery at the disposal of the taxing officers, to secure the information necessary to accomplish this result. At the time of the passage of this law we pointed with pride to our taxing system as one of the best and most perfect then devised, but such a system to-day, under changed conditions, is hopelessly inefficient and impossible to enforce. Still many states like our own Indiana are laboring under the same law. To get an expression, I wrote to the taxing officers of each state asking the following questions:

"First—Do you have general property tax?

"Second—If you have classification tax, please give classes, etc. Is the method satisfactory?

"Third—What improvements would you suggest, or what changes in your present method of assessment and taxation."

Considering the replies received, it is really astonishing to note the chaotic condition of the taxing laws in many states; and the total lack of uniformity between the different states is a question for deep consideration. Every state that is now laboring under the general property tax law replied favoring a classification tax on intangibles except Ohio, which, with a general property tax, having a low limited rate, seems satisfied, though acknowledging difficulty in taxing intangibles. Ten states last year had constitutional amendments pending for the purpose of securing a classification tax. Indiana was one of these, and the amendment, with many others, was defeated. This result was not due to the fact that our people were satisfied with the present law, but because they had not been educated to the necessity for such an amendment.

State Senator C. C. Pervier's [Illinois] views on some of the phases of Illinois taxation are set forth in the answer he makes in the Farmers' Review to an inquiry from a down-state reader. The whole tax situation in Illinois is so confusing that injustice and inequity are almost inevitable, and Senator Pervier recognizes this in his discussion. The question asked by the subscriber was referred to Senator Pervier by the Review because he is one of the associate editors of that publication.

Here is the question, and the Senator's reply:

Question: Do both the owner and the mortgagee of real estate have to pay taxes on the property in Illinois? My assessor seems to think he can assess the man who holds the mortgage and the land the mortgage is given on.—W. A. L., Pulaski Co., Ill.

Answer: Under the laws of Illinois, the owner of mortgaged property can be assessed for the full taxable value of that or that property and the mortgage holder may also be assessed for the full value of his mortgage. This is an unjust law and particularly so to the owner of the

property, who is compelled to pay taxes not only upon his equity therein, but also upon what he owes the mortgage holder. There can be no greater injustice in a tax law than that requiring the payment of taxes upon indebtedness.

On the other hand, where the mortgagee is assessed for the value of the mortgage, a double tax is created to that extent and is no less than robbery on the part of the state. To illustrate, we will assume that I have $5,000 in cash and that is all the property that I possess.

I buy a house and lot for $10,000 and pay $5,000 down and give a mortgage for $5,000. I am taxed for the full assessable value of that property just the same as if I had paid $10,000 cash for it. The mortgagee may also be assessed for $5,000, the value of his mortgage, thus making $15,000 listed for taxation when there is but $10,000 worth of property. Yet this is the tax condition in Illinois, and the result is that most of the mortgages escape taxation entirely and the whole burden falls upon the encumbered property.

An amendment to the Constitution will be submitted to the voters of this state at the next general election, permitting the classification of property for taxation purposes and if adopted by the people the next legislature may remedy this condition. C. C. PERVIER, Bureau Co., Ill.

HEAVY ADVISORY VOTE FAVORED AMENDMENT

On Nov. 5, 1912, the following question was submitted to the voters of Illinois under the Public Policy Act:

"Shall the next General Assembly (in order that the people may be relieved of a system of taxation which places a comparatively heavier burden upon the poor man than upon his wealthier neighbor, which is unjust to all who fall under the full force of its operation, and which places a premium upon dishonesty) submit to the voters of the State of Illinois at the next following state election, an amendment to the State Constitution providing for the classification of property for purposes of taxation, with taxes uniform as to each class within the jurisdiction levying the same?"

The vote upon this question was as follows: Yes, 541,189. No, 187,467.

This was the largest affirmative advisory vote ever cast in Illinois, except that for direct primaries, in 1904.

The question purposely was broadly stated in order to evoke a popular expression as to the principle of classification, leaving to the General Assembly discretion in appropriately expressing this principle in the Constitutional amendment which it might submit, but the educational campaign was conducted on the basis of the Proposed Amendment prepared by the Illinois Special Tax Commission, and this amendment, verbatim, has been submitted by the General Assembly.

LARGE VOTE IN THE GENERAL ASSEMBLY

More than the required two-thirds vote of all the members elected to both houses was given the pending amendment. Thirty-five out of fifty-one Senators, and 130 out of the 153 Representatives, voted for the amendment, as follows:

SENATORS

Name.	Address.	Business.
Paul W. Abt	East St. Louis	Banker
Henry Andrus	Rockford	Farmer
Henry W. Austin	Oak Park	Banker
Martin B. Bailey	Danville	Lawyer
Percival G. Baldwin	Chicago	Real Estate
J. G. Bardill	Highland	Banker and Merchant
John J. Boehm	Chicago	Druggist
John Broderick	Chicago	Merchant
F. C. Campbell	Xenia	Physician
Patrick J. Carroll	Chicago	Accountant
Adam C. Cliffe	Sycamore	Lawyer
William A. Compton	Macomb	Lawyer
Willett H. Cornwell	Chicago	Lawyer
Edward C. Curtis	Grant Park	Banker
John Dailey	Peoria	Lawyer
John T. Denvir	Chicago	Real Estate and Builder
Samuel A. Ettelson	Chicago	Lawyer
N. Elmo Franklin	Lexington	Live Stock and Farmer
Edward J. Glackin	Chicago	Accountant
Al F. Gorman	Chicago	Architect
John R. Hamilton	Mattoon	Merchant
George W. Harris	Chicago	Proof Reader
Daniel Herlihy	Chicago	Engineer
Edward J. Hughes	Chicago	Contractor
Morton D. Hull	Chicago	Lawyer
Francis A. Hurley	Chicago	Real Estate
W. S. Jewell	Lewistown	Lawyer
Frank A. Landee	Moline	Merchant
Sam W. Latham	Eldorado	Physician
Raymond D. Meeker	Sullivan	Lawyer
Albert J. Olson	Woodstock	Farmer and Stock Dealer
Clayton C. Pervier	Sheffield	Farmer
Frederick B. Roos	Forest Park	Lawyer and Banker
Patrick J. Sullivan	Chicago	Merchant
John A. Swanson	Chicago	Lawyer

[NOTE.—Senator Richard J. Barr, Joliet, was called home early in the day on account of a death in his family. He asked to be recorded "aye," but as the resolution was not voted upon until late in the evening his request was not allowed.]

REPRESENTATIVES

Name.	Address.	Business.
John A. Atwood	Stillman Valley	Retired
Elwood Barker	McLeansboro	Salesman
William H. Basel	Astoria	Implement Dealer
Ole E. Benson	Ottawa	Sand Dealer
Wm. H. Bentley	Pontiac	Retired Farmer
Frederick J. Bippus	Chicago	Real Estate
Randolph Boyd	Galva	Manufacturer retired
Thomas H. Boyer	Chicago	Packing House Products
F. A. Brewer	Tampico	Farmer
William M. Brown	Chicago	Merchant
George R. Bruce	Chicago	Supt. Ins. Dept. K. P.
John S. Burns	Chicago	Clerk Elec. Com.
William J. Butler	Springfield	Lawyer
T. C. Buxton	Decatur	Physician and J. P.
Thomas Campbell	Rock Island	Farmer
Bernard J. Conlon	Chicago	Clerk Co. Office
Thomas Curran	Chicago	Manufacturer
Charles Curren	Mound City	Real Estate and Ins.
Gotthard A. Dahlberg	Chicago	Lawyer
Frank R. Dalton	Aurora	Coal Dealer
James E. Davis	Galesburg	Lawyer
John T. Desmond	East St. Louis	Clerk R. R. Office
Thomas P. Devereux	Chicago	Manufacturer
John P. Devine	Dixon	Lawyer
Frederic R. DeYoung	Harvey	Lawyer
Daniel D. Donahue	Bloomington	Lawyer
James M. Donlan	Chicago	Merchant
DeGoy B. Ellis	Elgin	Lawyer
Jacob W. Epstein	Chicago	Clerk
Michael Fahy	Toluca	Barber
James H. Farrell	Chicago	Real Estate
Norman G. Flagg	Moro	Farmer
A. M. Foster	Rushville	Farmer
E. I. Frankhauser	Chicago	Lawyer
John J. Gardner	Chicago	Clerk Municipal Court
Ferdinand A. Garesche	Madison	Lawyer

Thomas N. Gorman	Peoria	Clerk
Thomas E. Graham	Ingleside	Real Estate
William J. Graham	Aledo	Lawyer
Carl Green	Robinson	Lawyer
E. Walter Green	Hindsboro	Farmer
Charles A. Gregory	Lovington	Farm Manager
John Griffin	Chicago	Teaming
William M. Groves	Petersburg	Banker
Harry F. Hamlin	Chicago	Lawyer
James C. Harvey	Bloomington	Insurance
John H. Helwig	Chicago	Real Estate
Michael F. Hennebry	Wilmington	Lawyer
H. S. Hicks	Rockford	Lawyer
Geo. C. Hilton	Chicago	Bailiff
William H. Hoffman	Quincy	Publisher
William P. Holaday	Georgetown	Lawyer
Joseph O. Hruby	Chicago	Real Estate
William A. Hubbard	Carrollton	Real Estate
John Huston	Blandinsville	Banker
Michael L. Igoe	Chicago	Lawyer
Robt. R. Jackson	Chicago	Publisher
John G. Jacobson	Chicago	Clerk Treas. Office
Harold C. Kessinger	Aurora	Lecturer
Hubert Kilens	Chicago	Optician
Simon E. Lantz	Congerville	Farmer
William L. Leech	Amboy	Lawyer
Stephen T. LePage	East St. Louis	Real Estate and Loans
Geo. U. Lipshulch	Chicago	Surgeon
John H. Lyle	Chicago	Lawyer
John F. Lynch	Chillicothe	Hardware
Thomas E. Lyon	Springfield	Lawyer
William C. Maucker	Rock Island	Insurance Agent
William R. McCabe	Lockport	Publisher
James C. McGloon	Chicago	Clerk
Richard R. Meents	Ashkum	Banker
Edward L. Merritt	Springfield	Journalist
Benjamin M. Mitchell	Chicago	Manufacturer
John Robert Moore	Kewanee	Lawyer
Frank W. Morrasy	Sheffield	Farmer
Robert J. Mulcahy	Chicago	Clerk
Hawkins O. Murphy	Pinckneyville	Banker
Daniel O'Connell	Kinsman	Lumber
J. J. O'Rourke	Harvey	Real Estate
James M. Pace	Macomb	Hotel
Edwin C. Perkins	Lincoln	Lawyer
Louis J. Pierson	Wilmette	Lawyer
Joseph Placek	Chicago	Restaurant
James T. Prendergast	Chicago	Deputy Sheriff
Walter M. Provine	Taylorville	Lawyer
C. A. Purdunn	Marshall	Druggist
Clifford Quisenberry	Lincoln	Farmer
G. A. Ray	Rossville	Lawyer
James W. Rentchler	Belleville	Real Estate
Chris Rethmeier	Edwardsville	Farmer
John C. Richardson	Edinburg	Farmer
Walter E. Rinehart	Effingham	Lawyer
Solomon P. Roderick	Chicago	Lawyer
Arthur Roe	Vandalia	Lawyer
Albert Rostenkowski	Chicago	Merchant
Isaac S. Rothschild	Chicago	Lawyer
Wm. Rowe	Saybrook	Farmer
Frank Ryan	Chicago	Grain and Commission
Frank J. Ryan	Chicago	Clerk
James W. Ryan	Chicago	Clerk Cook County
Edward M. Santry	Chicago	Clerk Circuit Court
William M. Scanlan	Peru	Lawyer
Robert Scholes	Peoria	Lawyer
Henry F. Schuberth	Chicago	Real Estate
Frank J. Seif, Jr.	Chicago	Clerk Municipal Court
David E. Shanahan	Chicago	Real Estate
Edward D. Shurtleff	Marengo	Lawyer
Edward J. Smejkal	Chicago	Lawyer
Peter F. Smith	Chicago	Broker
Abraham L. Stanfield	Paris	Grain Dealer
C. A. Stewart	West Frankfort	Farmer
John W. Thomason	Louisville	Lawyer
William G. Thon	Chicago	Lawyer
Homer J. Tice	Greenview	Farmer
Squire F. Tompkins	Joliet	Traveling Salesman
Joseph A. Trandel	Chicago	Merchant
John D. Turnbaugh	Mount Carroll	Lawyer
Oral P. Tuttle	Harrisburg	Lawyer

James H. Vickers	Harvard	Real Estate
Charles W. Vursell	Salem	Merchant
John P. Walsh	Chicago	Merchant
James A. Watson	Elizabethtown	Lawyer
Joseph A. Weber	Chicago	Lawyer
Owen B. West	Yates City	Farmer
Francis E. Williamson	Urbana	Lawyer
George H. Wilson	Quincy	Lawyer
Harry Wilson	Pinckneyville	School Teacher
Robert E. Wilson	Chicago	Real Estate
Chas. L. Wood	Keenes	Farmer
C. A. Young	Chicago	Dentist

ENDORSEMENTS BY ORGANIZATIONS

As the educational movement for the submission and final adoption of the pending amendment has progressed, it has had the support of many organizations throughout Illinois, among them the following:

Chicago Real Estate Board.
Cook County Real Estate Board.
Illinois Farmers' Institute.
Illinois Commercial Federation.
Springfield Chamber of Commerce.
Peoria Chamber of Commerce.
Rockford Real Estate Board.
Chicago Association of Commerce.
Chicago Board of Trade.
Illinois Bankers' Association.
Commercial Club of Chicago.
Industrial Club of Chicago.
Citizens' Association, Chicago.
Illinois' Taxpayers' Alliance.
Civic Conference of Cook Co., convened by the Chicago Real Estate Board.
Hamilton Club, Chicago.
Iroquois Club, Chicago.
Illinois Livestock Breeders' Association.
Farmers' Grain Dealers' Association of Illinois.

PRESS EXPRESSIONS OF APPROVAL

While the campaign of education for the adoption of the Proposed Amendment has only begun, many newspapers have published expressions reflecting favorable public sentiment and urging all to vote for the amendment. The following editorial comments upon the Amendment show the attitude of the press:

ABILITY TO PAY OR INABILITY TO ESCAPE?

[Quincy Journal.]

We have to pay taxes now in proportion to our inability to escape them. If our property is easy to see and easy to find, we pay. If it isn't easy to see or easy to find—well, what we pay is a question not of ability, but of conscience.

And the way of the conscientious is made hard by knowledge, based on most ample experience, that the more honest they are the worse they are going to fare.

TAX REFORM IN SIGHT

[The Prairie Farmer.]

A noteworthy measure passed by the legislature is the Tax Amendment resolution. The Amendment will now go before the voters at the next general elec-

tion in the fall of 1916, and if carried, will enable the legislature of 1917 to correct some of the many abuses in our taxing system. The one of most direct interest to farmers, of course, is the double taxation of mortgaged land, but there are also many others that should be eliminated.

THE TAX AMENDMENT

[Paris, Ill., Beacon.]

After long years of effort, the General Assembly of Illinois has submitted to a vote of the people the tax amendment to the state constitution, designed to give to the legislature the necessary power to revise the personal property tax laws of the state upon a modern, just and workable basis. The approval of a majority of the male vote of the state cast at the general election of 1916 will be necessary to make this Amendment a part of our Constitution.

NOW FOR A REVENUE CAMPAIGN

[Chicago Tribune.]

Common sense has prevailed in the Illinois house, and the joint resolution submitting an amendment to the revenue article of the Constitution has been approved—decisively approved. * * *

Give the voters the facts, the truth, and they will vote emphatically to abolish the impossible general property tax and make justice and honesty something other than policies punishable by legal robbery and ruthless confiscation of income.

ABILITY TO PAY, OR INABILITY TO ESCAPE?

[East St. Louis Sun.]

Senator Compton, introducer of the resolution to submit a tax reform constitutional amendment, gives a neat condition of the present system of assessing personal property.

He characterizes the effect of the Proposed Amendment as giving the General Assembly power to classify personal property "so that each class shall be assessed in proportion to its ability to pay instead of in proportion to its inability to escape." * * *

TAX REFORM IN SIGHT AFTER YEARS OF TROUBLE

[Chicago Examiner.]

The passing of the Constitutional Amendment that makes it possible to reform the archaic and unfair taxing system of Illinois is the high spot in this year's legislation. * * *

The whole country has been devoting itself to studying the problems of state revenue; the data are all available and there can be no excuse for a failure to give Illinois the very best system pointed out by the experience and research of our sister states.

THE TAX REFORM

[Rockford Star.]

The article by William Andrews, member of the Board of Review, in The Sunday Star, on the necessity for placing bonds and mortgages on the same basis as real estate strikes home. The unfairness of the present system is manifest. Only a small portion of the mortgages are taxed at all. And the disposition to escape taxation has been mainly due to what is considered an unjust tax on mortgages. It is interesting to note that in New York, Maryland and Kentucky, where tax reforms were voted upon at the election this month, that nearly all the amendments carried.

TAX SYSTEM ANTIQUATED

[Quincy Whig.]

Fresh evidence of the antiquated tax system under which the State of Illinois is laboring is at hand almost every day. To remedy defects an agitation has been in progress throughout the state, culminating in the passing of a referendum act by the legislature which gives the people of the state the right to vote on a Constitutional Amendment in November, 1916. If carried, this Amendment will give the legislature power to pass special laws dealing with the tax subject. * * *

The Whig believes that there should be some method much more simple and equitable in tax matters.

PROGRESS OF TAX REFORM

[Chicago Daily News.]

Maryland has joined the states that permit the classification of property for purposes of taxation. This is a mark of intelligent progress in the little understood science of levying taxes with reason and justice.

At the election of November 2 Maryland's voters adopted an amendment to the constitution on the subject of taxation.

The scope of this amendment, it will be seen, is somewhat broader than that on which the people of Illinois are to vote at the fall election next year, since, for purposes of taxation, it provides for the classification of improve-

ments upon land, as well as for the classification of personal property. The change sought by the pending Illinois Amendment is, however, all things considered, the most important feature of the revenue question.

Illinois should follow the lead of other progressive commonwealths that are abandoning the policy of uniformity in the taxation of all kinds of property, including mere tokens of indebtedness. This policy nowhere has been made to work with even an approximate degree of success or justice. Illinois, like other states intelligently advised, should permit classification, with different tax rates for different classes of property.

URGENT NECESSITY FOR TAX REFORM

[Gibson City Courier.]

* * * As we understand it, the Proposed Amendment merely gives the General Assembly the power to correct such incongruities and injustices as the double taxation and to arrange a tax system that shall be fair to everybody.

The present system seems to be generally unsatisfactory, except to those interests which do not desire to bear their just proportion of public expenses. It does not give the state the revenue it is entitled to and it puts a premium on dishonesty, distributing the tax burden unfairly, the greater weight being imposed on the most conscientious. * * *

NOW ADOPT IT

[Springfield News-Record.]

The legislature did its duty in passing the resolution submitting to the people the Proposed Amendment of the revenue section of the Constitution. Now it is up to the voters. Since the section upon which the present taxing laws are based was framed, conditions have changed. Property values are different.

The present system overburdens lands and other visible property. It permits intangible property to escape. It practically compels taxdodging by confiscation of the earnings of certain holdings. It has driven capital from the state. The adoption of the Amendment at the November election in 1916 will simply give the legislature power to adjust tax laws to existing conditions.

THE TAX AMENDMENT

[East St. Louis Tribune.]

The Civic Federation of Chicago is on the job again getting its campaign under way for the tax amendment which will be submitted to Illinois voters in November, 1916. * * * The proposition * * * is a meritorious one and should receive careful consideration by the voters.

It is not the adoption of any theory, but a recommendation giving the legislature power to study the question from all angles. The adoption of a specific report will come after more discussion in civic leagues, conventions, the press, and on the platform. No suggestion of differences of opinion on what the correct system is should interfere with the expression in November, 1916.

PROPOSE TAX REFORMS

[Jacksonville Journal.]

At the general election in November, 1916, the people of Illinois will vote upon the question of tax reform. Advocates of the Proposed Amendment desire to abolish the general property tax and establish classified principles in taxation, with large powers vested in the legislature for the enactment of laws to govern it. In four other states within the past year tax reform measures have been voted upon with satisfactory results. There is justice in the complaint often heard that the bulk of taxes raised comes from visible property. * * * The ideal system is not going to come at once, for the right system must be an evolution and it will take several years to work it out satisfactorily. * * *

TAX AMENDMENT ACTION

[Edwardsville Intelligencer.]

Final returns from the November 2 election in those states which voted upon tax amendments similar in character to that which will be voted upon in Illinois, November 7, 1916, indicate that in each case the amendment was adopted by the people. * * *

Friends of the pending Illinois Tax Amendment believe that the popular willingness to give state legislatures the necessary authority to meet modern and advancing economic conditions, especially in states like New York and Maryland, where the vote was taken on a basis of actual experience, may be reflected in Illinois when the Amendment is voted upon.

TAXATION IN ILLINOIS

[Illinois State Journal of Springfield.]

Interest in the taxing system of Illinois is revived by the activity of the Chicago Civic Federation, which is urging submission of the revenue amendment proposed by the Illinois Special Tax Commission.

For many years the State Journal has urged that something be done with reference to the revenue laws of the state. For as many years the same thing

has been urged by other newspapers, by students of public revenue systems and by prominent business and professional men. In all of these years no one has raised his voice in defense of the existing scheme. All agree that it is inadequate and wholly vicious; that it is productive of all sorts of injustice; that it promotes tax dodging and makes a virtue of perjury. * * *

[Canton Register.]

The Canton Register reprinted the foregoing editorial in full with this comment: "The Illinois State Journal contains a forceful and pertinent editorial on a subject which the Canton Register for years has urged upon attention."

"THE PRESENT TROUBLE"

[Chicago Tribune.]

The present trouble is with the system that encourages falsification in submitting a schedule of personalty taxes, and the issue is whether it is to be retained or whether Illinois will go over the entire question in a scientific restudy of present-day problems. The legislatures of New York, Minnesota, Michigan, Pennsylvania, Maryland, Wisconsin, Connecticut, and Rhode Island have already taken similar action years and years ago. So Illinois need not worry about being too progressive.

WELL DONE, GENTLEMEN

[Chicago Herald.]

* * * The purpose of the Amendment is well known. It recognizes that the uniformity in methods of valuation and assessment required by the Constitution of 1870 did not foresee modern diversity of forms of property and had come to work inequity instead of equity in taxation. If adopted by the people, as it will be, it will empower the General Assembly to enact tax laws that will take note of the fact that income-producing power, as well as market value, must be considered in any fair taxation system.

The old system, meant to be fair, had become outrageously unfair. It overburdened lands and other visible property; it permitted intangible property to escape; it not merely encouraged "tax dodging," but virtually compelled it in self-defense, since disclosure of certain holdings would often result in tax levies which practically confiscated the income. It had become unworkable; it had produced a situation of chaos. * * *

ILLINOIS FAULTY TAX SYSTEM

[Troy Call.]

Dissatisfaction with the tax system in Illinois is widespread and growing. It is due primarily to the utter impossibility of enforcing the general property tax with uniformity, equity, or efficiency against those modern forms of wealth classed as intangible personal property. The pending Amendment will not in itself make any change in existing laws. It will, however, give to the General Assembly authority (now withheld by the Constitution) to substitute some of the modern, automatic, and equitable methods found advantageous in other states. The Amendment in no way affects tax administration, as all taxing officers are created by the legislature and may be changed at any legislative session without constitutional change.

The evils of the present system—tax evasion, inadequate public revenues, double taxation, undue burdens on the borrower, inequalities, uncertainties, and abuses—are well known. The adoption of this Amendment is essential to improvement. Until it is adopted there can be no real relief. * * *

TAX AMENDMENT OUGHT TO PASS

[Watseka Republican.]

* * * Unfortunately, the assessors universally make an exception of notes, bonds, money, and everything that calls for money. In practice, an assessor will assess a business building worth $15,000 at probably a third of its value, but if the owner of the building has sold it and holds the $15,000 in notes, or part notes and part cash, the assessor will, with a light heart, assess the notes and the cash at their face value of $15,000, thus placing a three-fold burden on the citizen simply because his property happens to be in one form rather than in another.

If the citizen fails to give in his notes and money at their full cash value, the festive Board of Review will likely bring him into their presence and not only assess him at the $15,000, but add a penalty besides. * * *

One effect of this iniquitous practice is to work great injustice to many people poorly able to bear their unequal burden.

Another effect is to justify in his own mind the holder of such property in dodging taxation altogether by not giving his property to the assessor. It is impossible to know how much of this kind of property escapes taxation, but it is several times as much as ever gets on the assessment rolls. The system is outworn and outrageous.

Heretofore the legislature has been prevented from any legislation calculated to cure this state of affairs by that provision in the Constitution which requires all classes of property to be assessed and taxed according to its cash value.

Other states have dealt with the problem with considerable success. The

laws of New York require that when notes, bonds, or other evidence of indebtedness are first issued the owner shall at once list them with the proper officer and pay a bulk tax of a certain amount according to the face value. The officer stamps the note or bond to show the payment, without which stamp the instrument is not valid and that is all the tax the instrument ever pays. Experience has shown that the amount of revenue derived from this form of taxation is several times more than from the same property under the other system. * * *

A STUPID TAX SYSTEM

[Monmouth Review.]

Apropos of tax indictments and humors of further indictments, of penalties dire and examples calculated to effect wonderful reforms. The Chicago Tribune reminds officials and citizens once more of the bottom fact that Illinois has an impossible and incredibly stupid tax system.

"What would the neutral world say," asks the Tribune, "were England or France or Germany to impose a war of emergency taxe of 40, 50 and 60 per cent on all incomes, including the lowest? * * *

"Now, Illinois is not at war. Yet, in literal truth, she is levying a tax of 40, 60 and 60 per cent on certain classes of incomes—the income of the retired small merchant, of the mechanic, the widow and the washerwoman. Let anyone invest his or her savings in bonds, stocks or mortgages, or let anyone put a sum in a savings bank, and the Illinois law demands annually half or two-thirds of the income from such securities or deposits. This is robbery and confiscation. * * * A law that no one would dare to propose in the midst of peril and bitter conflict is the 'nrmal' law of Illinois. He who thinks it can be enforced is fit for bedlam."

"FARMER" ON DOUBLE TAXATION

[Milan Independent.]

Editor Milan Independent: "Some time since I received from Secretary of State Stevensen, a copy of the Tax Amendment to the Constitution passed by the last General Assembly in Illinois, to be submitted to the voter at the November election (so I understand), whose will shall direct our legislators for or against tax revision, in which a change for the better has long been needed.

"To the mortgaged farmer, here is the chance for a change of especial interest, one on which he needs to be wide awake; such a one has suffered without redress too long from this form of enslavement. It is his just due at the hands of our law makers to emancipate him from this criminal wrong of 'Double Taxation,' which compels him to pay tax on the amount he has invested in a property, and, furthermore, to pay tax on that part which he owns, but in name only.

"A greater injustice than that is impossible to conceive; it is a stigma on the record of our fair state, a violation of equal rights. A flagrant temptation to evade and shirk payment of the tax necessary to defray the common expense, by the money loaner, so minded. Years of effort have been spent by honesty-loving legislators in getting such a bill through as we now have to act upon.

"As voters, let us give such an overwhelming sanction for a constitutional change to our present Law on Taxation, as to leave no doubt in the mind of any would-be money catering representative who might be tempted to barter his manhood for lucre. A FARMER."

ILLINOIS TO FOLLOW SUIT?

[Dixon Telegraph.]

Final returns from the November 2, election in those states which voted upon tax amendments similar in character to that which will be voted upon in Illinois, November 7, 1916, indicate that in each case the amendment was adopted by the people.

Each amendment voted upon abolished the general property tax, and established the modern principle of classification in taxation, giving the state legislatures wide latitude in the enactment of tax legislation. The states adopting these amendments were Kentucky, Maryland and Massachusetts.

In Maryland, the legislature has assumed the right to classify personal property for several years past, and the listing of intangible wealth for assessment in Baltimore alone has increased from $6,000,000 to $208,431,712, with an increase of nine times the amount of former revenues under the modern tax methods adopted. The amendment was proposed to establish conclusively the constitutional authority for these modern laws, and its overwhelming adoption is regarded as a vote of popular approval for the new system after some years of practical experience.

In Kentucky the adoption of the amendment which gives to the legislature full power in the classification of property subject to a limited referendum came as a protest against abuses and inequalities of the general property tax, and followed a long campaign of education.

In Massachusetts, another protest against the antiquated general property tax was registered in the adoption of an amendment authorizing the legislature to impose an income tax as a substitute for the personal property tax, and otherwise removing constitutional restrictions upon legislative power.

Friends of the pending Illinois Tax Amendment, which would give to the Illinois General Assembly authority to provide for taxation of personal property by such methods as have proved most effective and just in New York, Connec-

ticut, Pennsylvania, Maryland, Minnesota and other states, provided only that taxes shall be uniform as to persons and property of the same class, are greatly encouraged by the results of the elections of November 2. They believe that the popular willingness to give state legislatures the necessary authority to meet modern and advancing economic conditions, especially in states like New York and Maryland, where the vote was taken on a basis of actual experience, will be reflected in Illinois when the Amendment is voted upon.

THE TAX AMENDMENT

[The Farmers' Review.]

According to joint resolutions adopted by both houses of the Illinois legislature the tax amendment proposed by Special Tax Commission in 1911 will be submitted to the people at the November election next year. * * * Under the present system, which has been in vogue in Illinois since 1848, greater burdens are constantly heaped upon real property. Such a change as provided by this Amendment will make it possible for the General Assembly to devise scientific and just methods for the raising of adequate public revenues and the equalizing of existing tax burdens which will be of general benefit. The submission of this Amendment to the people was urged by an overwhelming popular vote on November 5, 1912, but failed to receive endorsement by the General Assembly elected at that time. The present Assembly has acted wisely in giving it favorable attention. It has opened the way for needed tax reform in Illinois.

TAX REFORM NEEDED? LEAVE IT TO YOU

[Albion Register.]

Senator Compton used the right expression in introducing the resolution to submit a tax reform constitutional amendment when he said the General Assembly should have the power to classify personal property "so that each class shall be assessed in proportion to its ability to pay instead of in proportion to its ability to escape."

How accurately this expression describes the actual results of our present system was brought home to the writer a few days since when in the County Clerk's office. A number of copies of the report of the proceedings of the 1914 session of the State Board of Equalization, printed in book form, nicely bound and all ready to give forth startling information, seemed to make no great hit with the reading public. Although these books are not as interesting reading as some books of fiction they contain some startling facts, a few of which we make mention and then leave the question of whether tax reform is needed with the reader.

The total value of all the gold and silver plate and plated ware in Edwards County is only $189.00. It would seem this county is rather poor in this line were it not for the fact that our neighboring county of Wabash, generally supposed to be a wealthier county than Edwards, contains gold and silver plate and plated ware to the value of only $105.00. The total value of this ware in the entire Twenty-fourth District, comprising eleven counties, is only $4,644.

How much would you give for all the diamonds in Edwards County. According to this statement of property assessed for the year 1914 the value of all the diamonds in this county was only—how much are we offered? Do we hear a bid? Someone bid $50,000; $40,000; $20,000; $10,000. The gentleman over there bids $507, and all the diamonds in Edwards County are sold to the gentleman over there for $507. And over in Wabash, just across the creek, we hear the auctioneer call out all the diamonds in Wabash County sold for $2,283.

Kendall County, however, up in the Twelfth District, is in a class by itself, as there is not a dollar's worth of gold and silver plate and plated ware in the county and not a person in the county sports a diamond.

The report is full of such loose figures and the committee on equalization of personal property rightfully speaks as follows in submitting their report to the State Board of Equalization:

"We have also considered the relative value of personal property in the several counties and are of the opinion that the assessed value of the personal property in the several counties should remain as fixed by local assessors and the boards of review.

"This committee is of the opinion, however, that in many instances property has not been listed with the local assessors, nor boards of review, thus causing the smaller total valuation in the counties where such omissions have occurred. But with our powers limited, as they are by law, we are unable to remedy such omissions, without imposing unjust and unwarranted tax burdens upon the honest citizen who schedules all of his property."

Oakland Ledger: Illinois will await relief from its obsolete tax laws, but it does not await relief patiently.

Aurora Beacon: Must Illinois with all her vast taxable property hobble along on crutches when the vote of the people will make her stand up straight, her head as high as any other state in the whole lot? Think this over between now and November, Mr. Voter.

Sterling Standard: The passage of the Tax Amendment resolution removes the impression in many quarters that the legislature might be constitutionally opposed to constitutional reform.

SILENCE IS A VOTE TO KEEP THE PRESENT TAX SYSTEM.

Streator Free Press: The action of the legislature with regard to the taxing of Illinois is eminently timely. It will submit a Constitutional Amendment asking that the legislature be given power to enact an entirely new system of taxation.

Woodstock Republican: Our state tax system is lamentably out of date. It practically encourages deception, if not open jerjury. That it is unjust is evident on its face. It is in need not merely of amendment, but of total repeal. It should be built anew from the ground up.

The Saturday Evening Post: Illinois has a tax law that leaves a great number of citizens to the cheering alternative of committing perjury or suffering a confiscation of their incomes—or of being indicted for failing to file a schedule. Tax officers and law officers admit frankly that to enforce the law is utterly impossible. * * *

Galesburg Republican-Register: A tax amendment question is to be placed on the ballot at the coming election and every voter will have the chance to say whether he wishes reform. * * * Let them, when they go to the polls, vote for this proposition and give it such a majority that there will be no question about their wishes.

Moline Dispatch: Tax reform is a crying demand in Illinois. * * * A Tax Commission composed of able men thoroughly representative of the people of the state * * * had recommended to the legislature a new and improved system of taxation, one that would call for a Constitutional Amendment. * * * This tax reform question is not partisan. It should have the support of voters of all parties.

Galesburg Mail: The house yesterday, when it passed the joint tax resolution, which was passed by the Senate the day before, has opened the way for revision of Illinois' unjust and unequal tax laws. The people of the state themselves will say whether or not they want the revenues of the state revised when they go to the polls in the fall of 1916. There is nothing to lead us to believe that the people's verdict will not favor new tax laws. * * *

Edwardsville Republican: The Proposed Tax Amendment does not directly alter the taxing machinery. In effect it only removes certain restrictions which will allow the legislature to make changes that will permit classification of property. However, any relief from the unsatisfactory tax laws will be gratefully received by the taxpayers of the state, and the vote on this Amendment will no doubt demonstrate the interest of the people of the state in the matter.

Elgin News: The need of a revision in our taxing system is only too apparent to any one who takes a few minutes for reflection. Here in Elgin we are at the limit in the matter of taxation. Yet the revenue derived therefrom is insufficient to take care of the absolute needs of the city. We must either issue bonds or accumulate a floating indebtedness that will grow from year to year. If all the property in Elgin were actually taxed, the revenue derived therefrom at the present rate would be more than ample. But it never has been and never will be under the present law.

Albion Register: After long years of effort the General Assembly of Illinois, in the session just closed, has submitted to a vote of the people, the tax amendment to the state Constitution, designated to give to the legislature the necessary power to revise the personal property tax laws of the state upon a modern, just, and workable basis. The approval of a majority of the male vote of the state cast at the general election of 1916 will be necessary to make this Amendment a part of our Constitution. To secure this large endorsement will require persistent and effective educational work during the ensuing months before the question is finally settled and settled right.

Kewanee Courier: The resolution to submit a tax reform amendment to the Constitution, already through the Senate, passed the Illinois house yesterday with 130 affirmative votes. It will be submitted to the vote to the people at the November election of 1916. It cannot be predicted with certainty what the final outcome of this proceeding will be, but it is a rather safe statement that tax conditions for the people will be made better rather than worse in Illinois, if the resolution is approved by the voters. Injustice and inequity should give way to fairness in our Illinois system of taxing, and this action of the legislature, as we understand it, is a step in the right direction.

VOTE FOR THE TAX AMENDMENT

[Steam Shovel and Dredge.]

* * * The proposed amendment is of particular interest to the farmer and the wage-earner. * * * The farmer cannot hide his farm implements or his livestock. * * * The workingman cannot hide his home, if he owns it, or his furniture. * * * The proposed amendment should be adopted by an overwhelming vote, as it is a step in the direction of real tax reform.

PART IV—APPENDIX

QUESTIONS ANSWERED

1. Question: Is it unfair to the landowner to make it possible for the General Assembly to provide that some kinds of personal property should be taxed at a lower rate than lands?

Answer: No. 1. For the very practical reason that the present method of attempting to tax all classes of property at the same rate has failed after long years of experience so utterly to produce any material amount of revenue from intangible wealth that real estate is now bearing a disproportionate and constantly increasing share of the tax burden.

2. For the further practical reason that the present system discourages individual acquisition of land. It places disproportionate burdens on real property, and also compels the man who buys on part payments to pay not only these taxes, but also—to a considerable extent—the taxes which the law requires to be assessed against the mortgage.

3. Because actual experience of other states proves that vastly greater revenues than the present unworkable Illinois method can produce are derived by taxing intangible wealth either on a basis of income or at a low flat rate, and that real estate burdens are proportionately reduced.

2. Question: Why should not all property be taxed in the same way and at the same rate?

Answer: Because, as explained on page 12, personal property falls naturally into various classes, differing in character, basis upon which income is computed, and many other particulars. Efforts to enforce the so-called "uniform" method against modern forms of wealth have proved everywhere an utter failure.

3. Question: Why not apply the automatic methods now used by states which classify personal property to the taxation of intangible values in Illinois under the present system?

Answer: So long as there existed the possibility of tax rates which would absorb from one-fourth, to more than all, of the income from the various intangible values, the most effective methods would serve only to drive such wealth—practically all investments—out of the state, and keep them out. Automatic methods will bring out revenue only in conjunction with rates which are on an economic and scientific basis. Only on such a basis may automatic methods be counted upon to give honest citizens the satisfaction of fairness and certainty, and to reduce wilful tax-dodging to a minimum.

4. Question: Would not a rigid enforcement, by various means, of the present "uniform" system, bring all property to the tax lists, and thus, by reducing the tax rate, make it possible for intangibles to pay on the same basis as other property and still remain in the state?

Answer: No. Thousands of owners of intangible wealth would fear that their neighbors neither would make a full declaration nor would be caught by the assessor. Rather than risk taxation at the actual current rates, indicated above, would remove the situs of their property from the state. Less revenues from intangibles, instead of greater, would result, and those who did not escape, together with the owners of land and visible property, would pay the penalty. The chapter on RIGID ENFORCEMENT in Part I of this volume, answers this question.

5. Question: Is it not dangerous to give to the General Assembly the practically unrestricted power over tax laws affecting personal property? Would it not have been better to have written into the Constitution the precise methods for taxation which would be desirable?

Answer: If broad legislative authority is dangerous in a Constitution, the United States Constitution is the most dangerous fundamental document of government in existence. It lays down a few basic principles and allows to the Congress the broadest discretion, without which the wonderful and rapid development of this country and the constant popular control of changing conditions would have been impossible. To be sure, it is possible that a legislative body may abuse the power which it must have if it is to benefit the people and keep pace with advancing conditions. Serious abuses, however, are not frequent; when they occur they are speedily remedied by amendment or repeal of objectionable laws. The Illinois Constitution gives wide legislative discretion in many lines.

The Illinois Legislature has shown no disposition seriously to abuse the broad powers allowed in other fields. Why hesitate to permit it to meet tax problems, present and future, in the light of the best information and experience obtainable? Is it feared that wealth will be unduly harassed, or that it will be unduly exempted? Other states, with even broader powers, have not gone to either extreme. It is a fair statement that the Illinois Legislature probably is neither better nor worse than those in New York, Pennsylvania, Connecticut, Rhode Island, Maryland, Minnesota or a number of other states.

It is not practicable to draw up in a single, iron-clad constitutional amendment the provisions for taxing all of the various forms of wealth that exist now, or that may exist in the future. The great trouble with the present Revenue Article of the Constitution is that it was drawn expressly to fit the conditions of 1848. Yet that article is restrictive in only one particular. It lays down no details of taxation, but only a single principle. That principle is outgrown. What would happen if a detailed legislative provision were written into the Constitution to-day?

It is not the function of a Constitution to provide laws for the detailed operation of the public business, but rather to lay down in statements of fundamental principles the outline of government.

If the General Assembly is to remedy the present inequitable conditions it must have the authority conferred by the Pending Amendment. It can help the people in no other way.

6. Question: Inasmuch as the Pending Amendment authorizes only the classification of personal property instead of giving unlimited authority of classification over all property, should it not be defeated on the ground that it is only a halfway measure, and not worth while?

Answer: By no means. The most apparent cause for the breakdown of the present Illinois tax system is that it cannot be effectively applied to personal property. In this country the principle of classification has been practically and satisfactorily demonstrated only with reference to personal property. Practically the only experiments of proved value in classification of real property have been in the taxation of lands in process of reforestation. Therefore the Pending Amendment will give to the Illinois General Assembly the power to place Illinois as far in the line of real progress as any one of the United States thus far has advanced in tax matters.

This point is raised only by the particular group of single tax believers which is financed by the Fels Fund. It represents a narrow and untenable view. Nowhere has the theory of placing all tax burdens upon land values gone far beyond experiment. In the United States it has not gone far beyond theory. Popular sentiment, judged by the votes cast wherever there has been thorough discussion, evidently is far from ripe for this plan of taxation. Others who do not believe in the single tax theory have favored a broader amendment, but realize the folly of refusing to make all the progress possible, and are for the Pending Amendment even though it does not meet all of their ideas. On the same broad ground of good citizenship a number who sincerely believe in the single tax theory endorse the Pending Amendment. It will give the General Assembly power to deal with Illinois' most pressing problems of tax-dodging, double taxation and inequality. That is a long step in advance, and well worth while.

7. Question: The Public Policy proposition approved by the voters overwhelmingly Nov. 5, 1912, referred broadly to the classification of property. The amendment as submitted provides only for the classification of personal property. Has not the will of the people been flouted and should not the amendment be defeated for that reason?

This question, like the preceding, is raised by the Fels Fund group. It is not raised in good faith. In 1912 this same group futilely urged the voters to vote down this same Public Policy proposition. Now they urge the voters to reject the Pending Amendment because, forsooth, it does not conform verbatim to the Public Policy proposition they then condemned. They would seem to be against all progress that is not of their own brand.

The Pending Amendment has been submitted by the General Assembly precisely as prepared by the Illinois Special Tax Commission in 1911, in the form discussed, editorialized upon and generally endorsed throughout the state since that time. The Public Policy proposal was placed upon the ballot in 1912 by those who now support this amendment. It was worded broadly purposely so that the vote might be taken on the general principle of classification, and so that the General Assembly might not feel bound to the particular form of amendment proposed by the Special Tax Commission and hesitate in its action should a popular sentiment develop either for a broader, or a slightly more restricted, provision than the Commission had prepared.

No such sentiment developed, and the amendment has been submitted exactly as the whole state has understood it for the past four years.

In speaking of the motives of this group as compared with those who favor the Pending Amendment, Harrison B. Riley, the member of the Illinois Special Tax Commission who led the effort to have that commission recommend a broader amendment, has this to say:

"They seek to accomplish a social revolution through the mediumship of taxation. We are seeking to obtain that which we are working for only. Our cards are on top of the table. We want equitable tax laws, and we do not care to have those laws so arranged that they will help one person and not another. In other words, any state legislation in the nature of a protective tariff kind of revenue law has no place among the citizens of a State, common citizens of the same country and protected by the same laws, however useful it may be in dealing with foreigners to whom we owe no duty. We who are interested in tax reform are interested in that only."

Our single tax friends would be no worse off under the Pending Amendment than they are now under the present system. They cannot deny that the State of Illinois would be much better off under the Pending Amendment, even though they may think that it would not be so well off as under the single tax. Those who sincerely believe in the single tax and are firm in the conviction that no other system will promote justice, should be willing to have other tax methods given a fair trial. If their views are sound a process of elimination will help their cause.

As reiterated in other pages, only those who believe the present tax system needs no change will fail to vote for the Pending Amendment. Those who believe tax revision is desirable in Illinois will not be confused by such insincere and trivial considerations.

WASTE AND LOSS IN TAX COLLECTION

Impossibility of making personal property assessments accurately and in proportion to ability to pay, costs every municipality and county in the state thousands of dollars in useless postage and collection expense. The difference between the estimated revenues based on assessed personalty valuations for a given year, and the amount actually collectable runs into the millions. In Cook County the amounts of 1913 tax bills in the hands of the County Collector, still uncollected, totals about $2,500,000. Peoria County reports $7,678.82 still uncollected for 1913. Adams County estimates an annual shrinkage of $1,800. In Sangamon County, in 1913, on a valuation of $153,833, the uncollected—mostly impossible to collect—was $8,801; in 1914, on a valuation of $147,607, the uncollected was $7,609. These items for the most part represent assessments which never should have been placed on the books. Under the present Constitutional provision they are inevitable. It costs as much to spread and more to seek to collect on each of these as it does to spread and collect on a paying assessment.

ILLINOIS TOTAL VALUATIONS—1915*

The following are the valuations of property returned for taxation in Illinois in 1915 as equalized by the State Board of Equalization, and represent the "assessed value" or one-third of the "fair cash value" of property so reported:

Land		$ 695,766,064
Land and lots		1,053,442,947
R. R. property (real) assessed locally		6,904,125
R. R property (personal) assessed locally		2,965,140
R. R. property assessed by State Board		208,644,327
Capital stock of corporations other than railroads		27,330,184
Horses	$ 30,838,085	
Cattle	18,967,290	
Mules and asses	4,294,497	
Sheep	317,703	
Hogs	4,529,239	
Steam engines, including boilers	3,232,445	
Fire and burglar-proof safes	247,355	
Billiard, pool, etc., tables	141,764	
Carriages and wagons	11,261,136	
Watches and clocks	666,507	
Sewing and knitting machines	765,181	
Pianos	4,321,557	
Melodeons and organs	169,705	
Franchises	105,871	
Annuities and royalties	72,745	
Patent rights	197,743	
Steamboats, sailing vessels, etc.	205,132	
Merchandise	44,754,829	
Material and manufactured articles	8,274,112	
Manufacturers' tools, implements and machinery	9,294,490	
Agricultural tools, implements and machinery	4,487,663	
Gold and silver plate and plated ware	272,332	
Diamonds and jewelry	610,489	
Moneys of banker, broker, etc.	13,365,027	
Credits of bank, banker, broker, etc.	9,893,142	
Moneys other than banker, etc.	33,560,345	
Credits other than banker, etc.	41,575,686	
Bonds and stocks	10,576,904	
Shares of capital stock of companies not of this state	1,364,852	
Pawnbroker property	606,699	
Property of corporations not before enumerated	19,239,280	
Bridge property	162,660	
Property of saloons and eating houses	609,816	
Household and office furniture	19,633,107	
Investments in (secured by) real estate and improvements thereon	1,209,300	
Grain of all kinds	10,263,513	
Shares of stock of state and national banks	64,476,036	
All other property	133,256,132	507,820,349
Total assessed value of all property		$2,502,873,136

*These figures were supplied in advance of the printed report of the State Board of Equalization, through the courtesy of State Auditor James J. Brady.

THE CIVIC FEDERATION OF CHICAGO

What It Is and What It Has Done

The Civic Federation of Chicago was incorporated Feb. 3, 1894, at Springfield, Ill., in accordance with the provisions of the Act for incorporation of societies and associations not for pecuniary profit, in force July 1, 1872. The objects of the Federation are stated in Sec. 3 of the amended Articles of Association, filed with the Secretary of State, May 12, 1903, as follows:

"3. The purposes of this Federation shall be local, municipal improvement and the betterment of civic conditions; the promotion of efficiency in the public service, and the furtherance of wholesome legislation."

A few of the many activities of the Federation since 1894 will indicate the character of its work:

1894—Organization of Bureau of Charities out of the Committee on Philanthropy.

1896—Cleaned the streets for six months and demonstrated it could be done for $10 per mile, while the city had been paying $18.50. Contracts let next year for $10.50, and contract system subsequently abolished. Inaugurated movement for vacation schools and conducted the first one this year.

1897—Organized the Citizens' Committee which drafted the new Revenue Law, and began a campaign for its adoption.

1899—In co-operation with the Chicago Real Estate Board secured new Revenue Law, doing away with old system of blackmail in connection with assessments.

1901—Secured passage of Township Consolidation Law for Cook County.

1902—Secured a vote on Township Law, and by its adoption abolished town evils.

1904—Successfully conducted the state-wide campaign for the adoption of the new Charter Constitutional Amendment.

1907—Through a special committee prepared an amendment to the Constitution, designed to permit classification of property for taxation.

The Senate Revenue Committee to which it was referred, hesitated, however, to recommend such an amendment and reported instead a bill providing for a special State Tax Commission to make a thorough investigation and report its recommendations to the next legislature. This bill was passed, but was vetoed on technical grounds.

1908—The Federation compiled, published and circulated widely a Summary of the Reports of Special State Tax Commissions to show the general recognition being given to the principle of classification.

1909—Revived bill for creation of a Special State Tax Commission and successfully urged its re-enactment in improved form by the Forty-sixth General Assembly. This bill was approved and the Commission subsequently appointed.

1910—Laid before the Special Tax Commission data and arguments in support of a constitutional amendment establishing the principle of classification.

1911—Endorsed the Amendment to the Constitution recommended by the Illinois Special Tax Commission and took a leading part in urging its submission by the Forty-eighth General Assembly. Amendment defeated by competing constitutional proposals.

1911—Secured passage of Adult Probation Law.

1912—Joined with other organizations in urging a special session of the Forty-seventh General Assembly to submit an amendment to Article XIV permitting submission of three amendments at a time in order to avoid further constitutional deadlock. This amendment failed.

With the co-operation of many organizations throughout the State, secured 120,774 signatures to a public policy petition submitting for advisory vote the question of amending the Constitution to permit classification of property.

Conducted an educational campaign throughout the State which resulted, on Nov. 5, 1912, in a vote for this proposal of 541,189 to 187,467.

1912—Took a leading part in securing enactment of the ordinance protecting Chicago's milk supply; provided the administrative machinery and financial support for the Citizens' Milk Committee.

1913—Took part in urging the General Assembly to submit the tax amendment, which, however, was defeated because of conflicting constitutional proposals.

1913—Called together and financed the Illinois Probation Conference (Feb. 10 and 11), in which men and women of note, judges, probation officers and social workers participated, and which resulted in great good to the probation system.

1914—Inaugurated a thorough-going campaign of education throughout the State, organizing the Illinois Tax Amendment Committee.

1915—Successfully urged amendments to the Adult Probation Act promotive of greater discretion in its use and increased efficiency in its administration.

1915—Again took a leading part in successfully urging the submission of the tax amendment upon the General Assembly, which has now responded to popular demand.

INDEX

The campaign for tax revision is by very nature a citizens' campaign—a volunteer movement. It can be successful only through the party voluntary effort of the public spirited citizens in every community—of those who believe that real uniformity, equality and justice in taxation should take the place of our present antiquated and unworkable system.

Many volunteer speakers, writers and workers in the various counties of the state already have indicated an active interest. Please add in your name and address so that you may receive other literature. In doing this you will incur no obligation except to do what you *conveniently* can toward securing the adoption of this important amendment by the voters, on Nov. 7, 1916.

ILLINOIS TAX AMENDMENT COMMITTEE.

The Temple, Chicago.

"EQUALITY"--"UNIFORMITY"

UNITED STATES SUPREME COURT

THIS COURT HAS REPEATEDLY LAID DOWN THE DOCTRINE THAT DIVERSITY OF TAXATION * * * IS NOT INCONSISTENT WITH A PERFECT UNIFORMITY AND EQUALITY OF TAXATION IN THE PROPER SENSE OF THESE TERMS; AND THAT A SYSTEM WHICH IMPOSES THE SAME TAX UPON EVERY SPECIES OF PROPERTY, IRRESPECTIVE OF ITS NATURE OR CONDITION OR CLASS, WILL BE DESTRUCTIVE OF THE PRINCIPLE OF UNIFORMITY AND EQUALITY IN TAXATION AND OF A JUST ADAPTATION OF PROPERTY TO ITS BURDENS

[142 U. S. Justice Lamar, Pac. Express Co. vs. Seibert, p. 351-352]